# THE EMPIRE CLUB OF CANADA

Founded 1903

## Addresses
## 1993–1994

# The Empire Club of Canada Guest Book

| Date | Guest | Subject/Comments |
|---|---|---|
| May 17 1993 | | M.P. Halton Peel, |
| May 19 1993 | Jim Edwards. M.P. | Edmonton Southwest. |
| May 25 1993 | Floyd Laughren | BUDGET 1993<br>ONTARIO FINANCE MINISTER<br>JOINT-CANADIAN CLUB |
| May 27 1993 | P.C. Q.C. M.P. | Minister of National Defence, Minister of Veterans Affairs! |
| June 2 1993 | Jean J. Charest P.C. M.P.<br>Sherbrooke | Minister of the Environment |
| June 3 1993 | Patrick Boyer | from Secretary of the Empire Club to Candidate for Prime Minister — two great positions! |
| June 22 1993 | Ambassador | a pleasure to return to Toronto! |
| Sept 16, 1993 | J. D. Tordjman | Ambassador at large Special Representative of France for International Investment and most happy to be in Toronto! |
| Sept 20, 1993 | | a respectfull and thruthfull visit to friends of today and tomorrow |

# The Empire Club of Canada Guest Book

| Date | Guest | Subject/Comments |
|---|---|---|
| Oct 1/93 | Preston Manning | REFORM PARTY, CALGARY |
| Oct 7/93 | Hollis L. Harris | Very Impressive Club Group –<br>Subj – Airline Industry Canada |
| Oct 12/93 | Philip | |
| OCT 18/93 | Mel Hurtig | LEADER, THE NATIONAL PARTY OF CANADA. |
| OCT 22/93 | Kim Campbell | Prime Minister of Canada |
| Nov. 2, 1993 | Conrad M. Black | Chairman, Hollinger Inc. |
| Nov 11 1993 | Ralph Hennessy | Vice-Admiral RCN (Ret'd). |
| November 18 1993 | Naoki Tanaka | Commentator, economist |
| November 25/93 | Stanley H. Hartt | A FIVE PARTY PARLIAMEN |

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# THE EMPIRE CLUB OF CANADA

## 1993–1994
## 90th Year

*Photo: William C. Stratas*

*HER MAJESTY QUEEN ELIZABETH II AND*
*FREDERIC L. R. JACKMAN*
*AT THE DEDICATION OF THE AIRMEN'S MEMORIAL.*

# THE EMPIRE CLUB OF CANADA

Founded 1903

# Addresses
# 1993–1994

GOD SAVE THE QUEEN

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Toronto, Ontario  M5J 1E3
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**FREDERIC L. R. JACKMAN, O.St.J., Ph.D.**
**President, 1993–1994**

# The Empire Club of Canada
# PRESIDENT'S FOREWORD

North America's most singular and distinguished public speaking club celebrated its 90th Anniversary during this 1993–1994 term. Since the club's inaugural year of 1903, the face of the world, geo-politically, sociologically and technologically, has seen dramatic change. The impact of these forces and the evolution of our interests are recorded for all time in the pages of the yearbooks of The Empire Club of Canada. The club remains the nation's pre-eminent speaking forum and with this term, added to its reach with telecasts across Canada on the Canadian Cable Parliamentary Channel.

In keeping with presidential tradition, I endeavoured to bring to the podium leaders with important perspectives on the issues which we face today and on the prospects for tomorrow.

Canadians have supported and witnessed great breakthroughs for global democracy this year. Our speakers addressed democracy in South Africa, the breakup of the U.S.S.R. and the re-emergence of democracy in satellite countries and the reconciliation in Ireland.

At home, the Canadian political arena gave us Canada's first woman Prime Minister, Kim Campbell, an Official Opposition deriving its position from seats held in only one province and the virtual collapse of the Conservative Party of Canada to two elected representatives.

Throughout all the changes, there is one element in our lives which has effected a persistent, sometimes subtle influence which touches us all: the media has become a societal force. With the kind co-operation of the Canadian Journalism Foundation, a series of four addresses were presented on the relationship of Media & Society, an attempt to bring together differing views and concentrate public attention. The joint publication of the speeches in the booklet *Media & Society*, was distributed widely and is now out of print.

I have been honoured to serve as President of The Empire Club of Canada and to have known our distinguished speakers, guests and members. This term has witnessed events of historical significance to Canadians and I hope that our readers will find the addresses contained in this volume as interesting and as stimulating as I found them to be when they were presented. I am pleased to believe that Canadians of the future will enjoy this volume as an insight to our time, our Canada, in the year of The Empire Club's 90th Anniversary.

**Frederic L. R. Jackman, President 1993–94**

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May 17, 1993

# Garth Turner

Progressive Conservative Leadership Candidate

## THE POLITICS OF FRUGALITY

Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

### Head Table Guests

Julie K. Hannaford, Partner, Borden & Elliot and 3rd Vice-President, The Empire Club of Canada; The Rev. Kim Beard, Rector, St. Bede and St. Chrispin Anglican Churches; Dorothy Turner, Chief Advisor to our principal speaker and Co-owner of several businesses; Ian Fraser, President, Pro Pharma Contract Selling Services and Ontario Director of P. C. Canada; Carlyle Dunbar, Financial Journalist and Honorary Director, The Empire Club of Canada; Linda Leatherdale, Financial Editor, Toronto Sun.

### Introduction by Dr. Jackman

It is my pleasure, as your new President, to offer our members and guests this historic opportunity of experiencing a prime-minister-in-the-making. The Progressive Conservative leadership contenders have graciously agreed to address us and we are indeed privileged to see and hear these distinguished Canadians firsthand.

It is wonderful to see many of you here to welcome Garth Turner, MP for Halton-Peel; the first of the leadership contenders to address us. Mr. Turner needs little introduction as there are brief biographies on every table and because of the extensive media coverage of all the candidates.

However, a few comments about his background are appropriate. He was born in Woodstock, Ontario and now lives in Georgetown with Dorothy. He did attend the University of Toronto Schools where he was a Lieutenant-Colonel and the Commanding Officer of the Royal Army Cadet Corps—one of Canada's largest. (Yes, it is true commanding officers were not allowed to wear beards).

His varied business career includes entrepreneurial successes in real estate development, retailing and publishing, including publishing the fastest-growing investment newsletters in Canada. In addition, he is the author of several business books.

Combining his business experience with his analytical and writing skills he became the Toronto Sun's well-respected financial editor for 10 years. His financial writings were syndicated to over 60 U.S. and Canadian papers.

Elected in 1988, with strong convictions about bringing fiscal responsibility to government, he has become perturbed, I believe, by the lack of power of the back-bencher to influence the country he understands so well and cares so much about. It is no wonder perhaps, that Mr. Turner would want to promote "The Turner Plan" as his own prime minister and to choose his own cabinet colleagues.

His campaign is bare bones. There is no glitz, no buttons, no backroom, no national Team Turner. In fact, his pay-as-you-go campaign is deliberately sparse. Mr. Turner wants to demonstrate, as Linda Leatherdale told me, that "By running a lean and mean campaign he can set an example ... like the way the government should run."

Ladies and gentlemen would you welcome the candidate who, in word and deed, practices what he preaches, The Politics of Frugality—Mr. Garth Turner.

## Garth Turner

On February 24, Prime Minister Brian Mulroney walked into our caucus meeting in Ottawa shortly after 10:00 a.m. and did something unusual. Instead of waiting until the end of the meeting to make his remarks, he immediately went to the podium with the coat of arms on the front and announced he was going to resign, that a convention would be held in June to elect a new leader and prime minister and that he'd actually been trying to find a way to quit for most of the last two years.

That announcement set in motion a series of events which is changing the face of Canadian politics and perhaps will change Canadian history itself. Consider this:

- Never before has a Conservative leader resigned office while being prime minister, thereby ensuring his successor will immediately head up the government.
- This new prime minister will call an election for the fall in which there's a clear chance that at least five parties will win seats, at a time critically important to the country's economic future.
- Of the five serious candidates for the leadership, all have indicated they would adopt policies to eliminate the deficit within four or five years, although only one—me—has indicated a willingness to back that up with legislation requiring a balanced budget.
- Finally, if Kim Campbell, Jean Charest, Garth Turner or Patrick Boyer becomes leader, we will have the first prime minister from the post-war Baby Boom generation, which has come to influence so heavily decision- making in the nation's business community. In fact, this would be the only national political leader of this generation to go into the next general election.

Obviously, this is an important event and it deserves to be taken seriously. Unfortunately, to-date, it hardly has.

Having spent most of my career in the national media, as a columnist, editor, author and broadcaster, I have frankly been shocked and appalled at the way Canadians have received information, or lack of it, about the race to choose the prime minister.

First, all the media cared about was who might be in the race, and who was taking a pass. This phase was marked by a curious series of press conferences given by senior cabinet ministers to announce they were not running, all of it carried live on Newsworld.

Once the candidates were known, the story then shifted to such important issues as who had once smoked marijuana. This phase was capped off by a five-page article in the Toronto Star on why Kim Campbell's mother and father had divorced when she was in public school.

Finally, the story became, and remains, who is going to win. And this phase is centred around how many delegates to the June convention are committed to certain candidates after we have gone through a messy and quite undemocratic selection process, hopefully for the last time in Canadian history.

I noted with interest that the last two leadership debates, in Calgary and Vancouver, were not even covered by the Toronto newspapers, including the Globe and Mail. Of course, neither of the national television networks agreed to broadcast any of the 10 hours of debates, I guess because it would interfere with the hockey schedule.

Now, you'll note that in this whole process, the media has not focussed its attention on what the five candidates stand for, or how they would achieve that. Attention on the process of choosing a leader and prime minister has completely overwhelmed the ideas that the candidates may or may not be offering.

This has been good news for the front-runners. The lack of close questioning has allowed them to concentrate on running expensive, detailed organizations. It has not been good news for the other three candidates, who are largely in this race to promote a specific set of beliefs.

None of these observations are offered as criticisms of my friends and former colleagues in the media. It's just reality. Most reporters figure most Canadians don't care about deficit reduction, parliamentary reform or disentanglement of governments. And maybe they're right. But I hope not.

So I would like to tell you why Garth Turner has the audacity to stand on a national stage and put his name forward as a candidate for leadership. After all, I am only a backbench MP. I do not have the resources or profile of a cabinet minister. I have only been in politics for 4 1/2 years.

Why would Garth Turner be a candidate when people like Michael Wilson, Barbara MacDougall and Perrin Beatty backed out, saying they couldn't beat Kim Campbell?

The answer is this: There is more to life than winning. If you only did what you knew you could win at, then you'd have a pretty thin life. If the goal was to avoid risk, then there would not be a farmer planting a crop in the spring or an entrepreneur starting a new business.

Political parties have to constantly be reminded of this. Winning is not everything. Equally important is principle. It's what you stand for.

I got into politics in 1988 because for 10 years I'd written in my newspaper column about those things I believed in—less government, a serious reduction in the deficit through lower federal spending, balanced budget legislation, the restoration of the right to own property, and more opportunity for free enterprise.

I'd led protests to Ottawa when mortgage rates hit 23 per cent. I'd encouraged 30,000 of my readers to shower Mike Wilson with letters of protest following his 1985 budget because government spending was not cut enough. I took on Bob Nixon's 1988 tax increases in Ontario, and was supported that time by 200,000 people.

My experiences had been of turning anger into action, and that is exactly why I ran for a seat in the House of Commons. Totally against the odds and in the face of conventional political wisdom, I won.

Since being in Ottawa, I have hosted national conferences on ways we can reduce the debt. I persuaded the government to support putting the right to own property back in the Constitution, although I could not persuade the premiers. I have recently written a book spelling out how we can reform Parliament and address the cynicism and frustration Canadians feel about the system. I have chaired parliamentary committees, supported tax-protest movements across the country, campaigned in caucus for drastic cuts in the size and scope of government and I've even learned to speak French.

So, when the Prime Minister said he was stepping down, I viewed this as one more opportunity to fight for those things I've been after for the last 15 years—despite the odds.

I knew it would be expensive and I knew—and stated from the outset—that my chances of winning were remote. I did not have the backing of the political establishment and I did not have an extra million dollars. I also was not willing to borrow money to finance a campaign, to go into personal debt, or spend money that I did not have. How could I campaign for a deficit-free Canada when I could not run a campaign in the black?

So, I set up a 1-800 number and said to Canadians: If you support what I stand for, then help me out. And enough of them came forward, that I am able to stand here before you today as a candidate who has now a national campaign and who has been able thus far to pay all his bills. Of course, there are more bills coming and I certainly wouldn't want to discourage anyone here today from feeling generous.

In fact, I am campaigning not only for the job of leader, but for a new style of politics which is better suited to the realities of the 1990s. I am the only candidate who has no paid workers. Not a single one. I am not paying people, as the others are, to organize in every riding in the country. Instead, I have only volunteers. My regional offices are in people's houses. When Dorothy and I travel, we are picked up by volunteers and eat dinner with them.

I am the only candidate to ban Ottawa lobbyists from my campaign. I will not accept favours from people who are looking for favours in return. I am the only candidate without a pollster. I've got my 1-800 phone line, so I don't need a damn pollster to tell me what people are thinking.

The bottom line is this. I don't think you need a million dollars to talk with people about ideas and making the country better. And I think this system we have fallen into must change. Paul Martin and Jean Chrétien both spent about $2.4 million in the last leadership campaign for the Liberals. There is no reason to believe that the front-runners in this campaign will not spend similar amounts. I intend on spending about five per cent of that, and I will make this one prediction right now. On a per-capita basis, the delegates who vote for me in the June convention will be the most cost-effective ones there.

Finally, I am the only candidate who at the beginning of the campaign published his policy platform. The Turner Plan contains the actions that I feel are necessary for the economic and social well-being of Canada. It contains the things I believe in, and have worked towards. By publishing it, and distributing copies across Canada, I was trying to state clearly that I am not going to make up policy as the campaign unfolds, or say things just to gain support and delegates' votes.

Instead, this is what I believe in, and it includes:

- Legislation requiring a balanced budget within four years. If the politicians can't achieve it, then the Auditor-General makes across-the-board cuts.
- Elimination of the deficit by a $17 billion reduction in social-programme spending, downsizing of government and liquidation of government assets like the $3 billion Federal Business Development Bank. How can we cut social-programme spending by that amount? Simple, we tax back government cheques from families making over $70,000 a year.

- Refinancing and repatriation of the federal debt through the issuing of Debt Freedom Bonds to Canadian investors. If Victory Bonds could finance Canada's effort in a world war, we just might be able to win this war on debt.
- A comprehensive health-care review with three goals: Make the system more efficient through specialized usage of health-care facilities; curb existing misuse through user fees; and let's start concentrating on making sure people don't get sick in the first place. It makes more economic sense to practice preventative medicine than it does to treat illness, especially with an aging population.
- Having our UN partners cough up money to finance our peacekeepers. If, with less than one per cent of the world's population, we're going to do 10 per cent of all global peacekeeping, then Canadian taxpayers need, and deserve, help.
- Stimulating small-business investment with the creation of a venture capital dealers' market in Canada and allowing people to use RRSP funds for direct investment in owner-operated businesses.
- Less government through reducing the number of departments and cabinet ministers. Harmonization of sales taxes. Elimination of inter-provincial trade barriers. Reform of MPs' pensions. And co-ordination of federal and provincial budgets.
- More rights for individuals. We should have the right to own property. In Bob Rae's Ontario, we should also have the right to work.
- Stimulation of the economy, not through government mega-projects, but through consumer spending. I am advocating a limited programme of mortgage interest deductibility, to be financed through reallocation of a small portion of transfer payments to the provinces. I think it's time govern-

ments gave a break to people instead of just funding other levels of government.

- Reform of Parliament that empowers MPs and their voters through more free votes, a relaxing of party discipline and more co-operation among all MPs through enhanced parliamentary committees with the ability to introduce legislation in the House of Commons.

There are more aspects to my plan, but these are some of the essential ingredients. I am happy to report that several of the ideas have been adopted by some of the other candidates, and I will be encouraging more of that pillaging to occur.

True success will come if I'm able to persuade my colleagues that the Conservatives should go into the next election on a platform of balanced legislation. After all, three provinces are now in agreement with the principle, and a recent Angus Reid poll showed 81 per cent support among the Canadian public for the concept of a law against deficits.

There is nothing this country faces more serious than the rising tide of debt. Provincial and federal debt now exceeds $600 billion and is equivalent to 92 per cent of the entire Canadian economy. That compares with 44 per cent just 10 years ago. Eliminating the deficit in four years—which is now a best-case scenario—will leave us with over $500 billion and an annual interest bill of between $40 and $50 billion.

Bill Clinton recently warned Americans they will soon be spending 12 cents of every tax dollar on interest on their debt. Today Canadians must spend three times that amount on servicing the debt. This is a crisis, and it must be dealt with.

It is also an issue that average Canadians are ahead of their leaders on. And this is why I am saying in this leadership race that it will not be good enough for the next prime minister and Progressive Conservative Party leader to go to the people saying, "Trust me."

The last nine years of Conservative rule have done much good for the country. But they have failed to deal with this crisis of debt. This coming federal election could well be the last real opportunity to elect a government seriously committed to taking action, while we still have the time for voluntary choices.

The Liberals offer no policies of substance. They are committed to scrapping the GST while offering no replacement. They would tear up the Free Trade Agreement despite the fact our growing exports have been the only real bright spot in our economy.

The New Democrats would do to Canada what Bob Rae has done to Ontario. This province will acquire more debt in 48 months of NDP rule than in the 126 years previous to it.

The Conservative Party, in my view, is the best, last hope of Canadians among the traditional national parties for some fiscal and economic sanity at a time when we need it most.

If my candidacy can underscore some of these realities, and move us even inches closer to those actions we must take to secure our country's future—then all the miles travelled, all the hotel rooms visited, all the speeches given, all the hands shaken and all the time with my wife missed, will have been worth it.

It is an honour and privilege being able to stand as a candidate for leader and prime minister. It has been an honour to address The Empire Club. Thank you.

The appreciation of the meeting was expressed by Carlyle Dunbar, Financial Journalist and Honorary Director, The Empire Club of Canada.

May 19, 1993

# James S. Edwards

Progressive Conservative Leadership Candidate

# A PROGRAMME TO REKINDLE THE CANADIAN DREAM

Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

### Head Table Guests

Anne Libby, Co-owner, Libby's of Toronto Art Gallery and a Director, The Empire Club of Canada; The Rev. Charles Plaskett, Minister Emeritus, Timothy Eaton Memorial Church; Angelo Persichilli, Vice-President, News and Public Affairs, CFMT-TV Channel 47; Bob Runciman, MPP, Leeds Grenville, Chief of P.C. Party of Ontario; Ivan de Souza, President, Investican Group; David Edmison, Investment Counsellor, Martin, Lucas & Seagram Ltd. and a Director, The Empire Club of Canada; Naresh Ragubeer, grade 13 student, Martingrove Collegiate Institute, Etobicoke; Mary Caroline Tillman, Vice-President, J. P. Morgan & Co., London, England; Bill Farlinger, Chairman & CEO, Ernst & Young.

### Introduction by Dr. Jackman

Ladies and gentlemen, The Empire Club is privileged to present the Progressive Conservative leadership speakers' forum. This forum was established to provide each candidate a more lengthy platform than those provided in the televised national debates. Today, we have the pleasure to hear, to see, to be in the presence of a distinguished leadership candidate: Jim Edwards.

I am proud to introduce James Stewart Edwards, MP for Edmonton Southwest. Mr. Edwards comes to us directly from his Atlantic debate appearance last night, (either fresh from or exhausted from), where he distinguished himself as an outspoken proponent of law and order issues and on economic recovery and the reduction of government in our business and personal lives—topics he will elaborate upon shortly.

I am particularly pleased that some members of Mr. Edwards' family are with us. In addition to his daughter, Mary Caroline, his wife Sheila and son John are in the audience. Perhaps the greatest stress a political family feels is the constant coming and going and the prolonged absences from each other. So, I am pleased that you have chosen The Empire Club as a place to hold a small reunion during Jim's cross-country trek.

Mr. Edwards was elected to the House of Commons in 1984 and again in 1988. His 20-year broadcasting career and political talents were quickly appreciated and he was named to the position of Parliamentary Secretary to the Minister of Communications.

His political star continued to rise as he served as Parliamentary Secretary to four other ministers. The bilingual Mr. Edwards chaired several House committees, most notably the Official Languages Committee. Three years ago, he was appointed Co-chairman of the Joint Special Committee on the Constitutional Amending Formula. Mr. Edwards was recently appointed by Prime Minister Brian Mulroney to be the Chief Government Whip in the House of Commons.

Fellow parliamentarians have described Jim Edwards as a "Prince of a Person" for he is a leader, a conciliator and a team player. A man of dignity and stature, he is also described as honest, decent, hardworking, devoutly religious and a man of his word.

At the conclusion of Mr. Edwards' remarks, he has agreed to respond to questions. These questions should be printed on the cards on each table and they will be picked up towards the end of his address.

Ladies and gentlemen, I am pleased today to introduce Jim Edwards—a fiscal conservative whom Maclean's Magazine positions as "The Man on the Right."

Now, Mr. Edwards, unlike Stanley Hart, that cheery moderator of the cross-country TV series "Who will you vote for tonight?"—who would want you to summarize your position in 1 1/2 minutes—well, unlike him, we would like you to develop your platform fully and please take as long as you like.

Ladies and gentlemen, please welcome Jim Edwards.

**Jim Edwards**

I am delighted and honoured to speak to The Empire Club today in Toronto. I very much appreciate your invitation, for it provides me with an opportunity to speak to you about my views on some of the major issues facing Canada. I fully realize that an organization so closely associated with Empire will forgive me when I say that, at least this spring, I am not big on coronations, certainly in the political sense.

I also realize that today is budget day in Ontario—I'm not only the reservoir of truly conservative values in this leadership race; I'm also here to provide a Tory blue tint to what I suspect will be a distinct landscape of red ink later this afternoon!

A leadership race for a national party is a unique occasion in our political life, especially when the winner succeeds to the position of prime minister of our country. A leadership race provides a candidate with an unparalleled opportunity to take the pulse of Canada—to hear what Canadians are really saying, what they think, and what they aspire to. I have spoken out on many of the issues facing the delegates to our Ottawa Convention, and Canadians at large.

I have called for dramatic improvements in our justice system. I have said that the fiscal crisis facing Canada and the steady build-up of provincial and federal debt must be addressed decisively and immediately. I have outlined how we can achieve $10 billion in spending cuts at the federal level—and I must say, since the Rae budget will be upon Ontarians within hours, I didn't do this in anticipation that the province of Ontario or any other province would pick up the slack! An Edwards government would not increase income taxes. Canadians cannot absorb the burden of any new taxes. Deficit elimination cannot be achieved through punitive taxes on the petroleum industry, for instance, that obstruct entrepreneurial initiative, and punish small farms and small businesses in this great province.

My fiscal plan lays out clearly and specifically how we can finally begin to earnestly and doggedly turn our debt problems around and free ourselves and our children from this burden that we have lived with for too long. Our debt problem, resulting from rampant overspending and runaway expansion of the public sector, has contributed significantly to the sense of alienation and despair of Canadians who no longer share the dreams of opportunity and hope.

Today I want to address this alienation, and share with you what I believe is a programme to rekindle the Canadian dream. It can only be done through a practical and realistic programme of economic rejuvenation and self-reliance for Canadians. True fiscal conservatism by governments is an essential factor.

I believe that as a government and as a people, we must also examine what we share in common, not just in our economic life, but in our broader vision of what makes us Canadian—our medicare system, our arts and culture, the chances for educational excellence which we owe to our children.

A hundred and twenty-six years ago, the men and women who put down the roots to our Canadian family trees came together to create a nation. They had a dream. I believe it was a simple dream, motivated by thoughts of their families, their desire for peace, their hopes for prosperity, and their aspiration to live free of the constraints of the governments they had just left, or in some cases, escaped from.

These brave pioneers knew that in this land of Canada, there was something unique. It was a land blessed by the Creator, a garden of opportunity, a basket of abundance, and a political space in which to reach out, visualize and accomplish great things. This was an era of distinctive conservative values.

When these people came to discuss the ideas as to the form, purpose, style, and size of government, they began with a very simple premise: government was a vehicle, it was a servant, it was to allow them to do collectively what they could not do by themselves. Government had a limited role. But it had a positive role, a creative and nation-building role.

How dramatically we have departed from their dream! Where have we gone wrong?

This is the time to reflect and to change. This is the time for us to choose. You and I are the new parents of Confederation. We must redefine the role of government. We must rekindle the human spirit—the desire for individual growth and achievement, the desire to succeed.

Albert Einstein once said: "The significant problems we face cannot be solved by the same level of thinking we were at when we created them." How right he was. For years we have been told we needed more government; the route to our happiness was a new and bigger government programme. Fortunately, we started a new route in 1984 under our Conservative programme for economic renewal. But we also see the paradoxes and contradictions of government spending.

Over a century ago, our ancestors had a naive credo that government spending was to serve them, but today unfortunately things have become reversed. Today, we serve government. Sixty per cent of all the work we do goes in one form or another to taxes. Sixty per cent of our time and energy is dedicated to feeding the machine that dominates our lives, and even while we work to satisfy its voracious appetite, we are hamstrung by its regulations, rules and dominance of our lives.

That does not mean that all government is bad. We have a proud record of collective achievements, of government serving Canadians in areas where it can do collectively what we cannot do individually.

Today I would like to address three areas where I believe government has a role—a role to provide services efficiently and effectively, but also with a need for a spirit of individual responsibility and self-reliance. The three areas are health care, arts and culture, and education.

Almost no public policy initiative in Canada rivals the popularity and political support of medicare—the national health system first established through federal funding in the Medicare Act, which came into effect on July 1, 1967.

As everyone in this room knows, health care in Canada is big business—some $60 billion per year, or 9.2 per cent of GNP. While that sounds like a lot, and it clearly is, our health-care expenditures are substantially below that spent, based on comparable measures, in the United States. Indeed, it is the perceived weaknesses of the U.S. system—particularly the huge numbers of people without access to health insurance—that makes Canadians so proud of our own system. It has become a symbol of compassion and fairness. This does not mean that our health-care costs must not be seriously examined. In fact, it is imperative that we do just that, and shortly I will outline several initiatives that would make our health-care system more efficient.

But first, let's look at the strengths of Canadian health care:

One; a rich diversity, province by province, hospital by hospital, of our health-care delivery system. Canada stands second to none in the industrialized world on this score.

Two; a freedom of access that lowers the psychological and emotional barriers to real health-care access, making our Canadian system a true model of democratic access and openness—a value that all Conservatives should cherish.

Three; a quality and richness of medical schools and research hospitals which collectively provide Canada with a leading edge in many of our cities, which few countries, let alone cities, can match. Toronto is a wonderful example, but there are many others from coast to coast, including my home city of Edmonton.

The fourth strength is the research environment. Canada has turned on a dime the framework for R&D in the pharmaceutical industry, and we can be world leaders in our chosen fields of specialization.

Now, recognizing these strengths, we must find ways to curb rising medicare costs. Superficially, user fees might be this solution. User fees have been proposed by many people, including some of my fellow contenders in this leadership race. I do not believe that user fees are the solution. Why? Because the fundamental problem with medicare is that it is an open-ended budget system—the more it is used, the more it costs. Patients cannot check costs because they lack information about costs and billing—and because of their need for care and medication. However, we can introduce a better system of information feedback to patients about the real costs of their medicare services. And there are incentives that can start in the hospitals, with the doctors, and with the drugs prescribed. User fees charged to patients at the point of entry hit the most vulnerable—the poor, the uneducated, the chronically ill. Moreover, user fees put more money into our very expensive system, rather than spending smarter and with fairness.

Various reforms are necessary and possible, with the following objectives:

- Universality should be preserved to ensure fairness;
- Renewed emphasis should be devoted to preventive medicine;
- Greater administrative flexibility should be allowed within provinces, where local conditions vary; and

- Better incentives within the delivery system should be introduced to avoid over-treatment.

I believe these objectives can be achieved through tripartite consultations involving the Federal Government, the provinces and the health-care community, leading to the following reforms:

- A shift towards preventive medicine at all levels of society, beginning in our children's schools where attitudes towards diet, exercise, and lifestyle are learned;
- A serious look at the supply of doctors with a view to reducing medical school enrolments, encouraging graduating doctors to volunteer for overseas assignments as part of our foreign-assistance programmes, or to practice in isolated areas of the country where more doctors are needed;
- An improved system of tertiary care outside the traditional hospital system, including better home care, assistance for the chronically ill, and senior citizens;
- Experiments within the tax system, for example by providing credits to citizens and families who are limited users of the medicare system except for absolutely necessary care;
- Alternate forms of medicare delivery such as group-practice clinics, health-maintenance organizations, and networks of hospitals working together to eliminate duplication.

Finally, we must take steps to avoid the unwarranted litigation that the Americans have seen in their system, which can encourage the practice of "defensive medicine" by doctors—ordering costly and sometimes unnecessary tests to guard against potential law suits.

These reforms deal with the real problems of medicare, while retaining it as a national symbol of our Canadian identity, and a genuine example of what our forefathers might have considered to be a worthy collective endeavour.

A second area where I believe that Canada as a society and Canadians as a people can develop a stronger capacity for self-reliance and individual growth is the area of arts and culture. For too long, our economists and bureaucrats have ignored the vital role that arts and culture play in our economy and in the well-being of our society. Some of you may know that most of my adult working life prior to entering politics was in a cultural industry—broadcasting. My own experience has been that cultural industries can be both fulfilling and profitable. My life has also been enriched by my years as Parliamentary Secretary to two Ministers of Communications and as Chairman of the Standing Committee on Communications and Culture. The arts are dear to my heart, and even dearer to my wife Sheila, who now serves on the Alberta Arts Council.

Canadians are not cultural philistines. They know and appreciate the role that art and culture play in a knowledge economy. But how many bureaucrats, let alone politicians, appreciate the role of art and culture as an economic resource? We often think of cultural industries in a narrow way—encompassing only publishing and broadcasting, rather than in the wider context of crafts and arts industries such as fabrics, textiles, clothing, fashion, furniture, games and toys, jewellery and leather goods, to name a few. Canada's amateur arts operate in our schools and universities; in hospitals and health centres as therapy; in our daily lives as celebration of the human spirit.

Canada's applied and decorative arts include a range of skills, crafts and talents —advertising, architecture, product design, fashion, and interior decorating. From office buildings to urban planning, from product design to advertising, from designer labels to corporate images, our applied arts are central to our economic competitiveness and well-being.

Estimates vary on the contribution of our arts industry to GNP, but there can be little doubt of its potential in job creation. It can be estimated that no less than 8.5 per cent of our GNP comes from arts industries, or $60 billion per year, employing 4.4 per cent of our work force or as many as 600,000 Canadians. Consider this great city of Toronto. How many people know that Toronto is the third-largest artistic and cultural centre in the entire English-speaking world, behind New York and London? How many people in Canada appreciate the fact that this city has four world-class private theatres, or an institution like the National Ballet School, started by individual initiative?

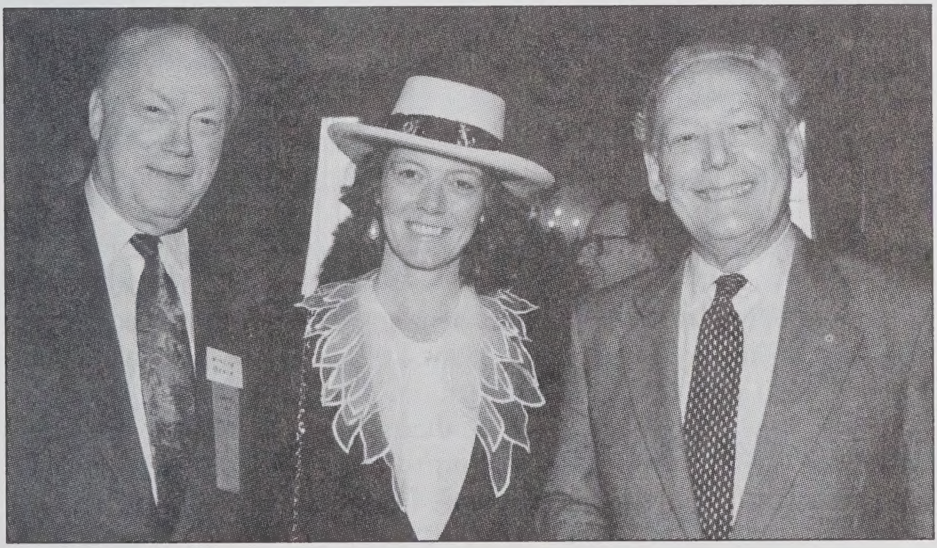
The commercial potential of cultural goods and services has significant implications for competition in a global knowledge-based economy. Cultural sovereignty is one area where national preference can still be extended without countervailing measures by trading partners. In other words, a nation can tailor broadcast and cultural policies as well as intellectual property rights to favour its own citizens.

This is happening in a number of countries. In Ireland, for example, the copyright income of individuals is exempt from taxation. In the United States, New York and California have special legislation favouring resident creators. The American federal government passed the Chip Protection Act making illegal the sale of American-designed microchips copied by foreign producers. Similarly, there has been discussion in Congress about a new Industrial Design Act to protect American products from being copied and sold by foreign producers in the United States.

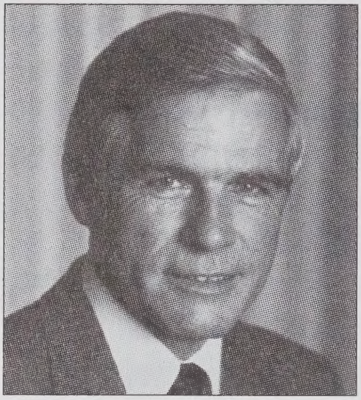
Creativity in both art and science is a key competitive factor. Canada could set as an objective becoming a 'creativity sanctuary': a place where creative talents domestic and foreign want to live and work and to which intellectual property royalties become a significant source of national income. In developing such an initiative, however, the federal deficit and debt must be kept in mind. No additional federal spending would be required. Rather, changes in the 'rules of the game' and rationalization of existing systems would provide the necessary resources.

The most important change in realizing this objective is one of attitude and approach. Art is not a frill but rather, like science, a critical component of competitiveness. And like scientific knowledge, artistic appreciation is an end, in and of itself. Such a change could, among other things, go a long way in repatriating the Canadian talent pool currently fuelling American cultural enterprises. Did you know, for example, that the entire management team of Disney studio's animation division, which produced the blockbusters *Beauty and the Beast* and *Aladdin*, are graduates of Toronto's Sheridan College?

The appreciation of the meeting was expressed by David Edmison, Investment Counsellor, Martin, Lucas & Seagram Ltd. and a Director, The Empire Club of Canada.



*Left to right: Willis L. Blair, Secretary, The Empire Club of Canada; Ms. Margaret Cox, Member of The Empire Club of Canada; MGen. Bruce J. Legge, C.M.M., C.M., K.St.J., E.D., C.D., Q.C., Partner, Legge & Legge and a Past President, The Empire Club of Canada.*



May 25, 1993

A joint meeting of
The Empire Club of Canada
and The Canadian Club
of Toronto

# The Hon. Floyd Laughren

Deputy Premier, Minister of Finance

# THE ONTARIO BUDGET

Chairman: **Isabel Bassett**
President, The Canadian Club of Toronto

**Head Table Guests**

The Hon. Floyd Laughren, MPP, Minister of Finance for Ontario and Deputy Premier; Frederic L. R. Jackman, Ph.D, President, Invicta Investments Incorporated and President, The Empire Club of Canada; Peggy Sum, Vice-President, Asian Markets Personal and Commercial Financial Services, Bank of Montreal; Iman Abdul Hai Patel, Islamic Co-ordinating Council of Imams; Keith Patterson, Partner, Deloitte & Touche and a Director, The Canadian Club of Toronto; Betty Notar, Minister's Chief of Staff, Ministry of Finance; Ronald Goodall, F.C.A. , Partner, Goodall & Peacock and Past President, The Empire Club of Canada; Eleanor Clitheroe, Deputy Minister of Finance for Ontario; Diana L. Chant, C.A., Treasurer, The Empire Club of Canada; John Madden, Assistant Deputy Minister, Office of Treasury, Ministry of Finance; Elizabeth Wilson, Assistant Dean and Director of Development, Faculty of Management, University of Toronto and a Director, The Canadian Club of Canada.

**Floyd Laughren**

I appreciate the opportunity to discuss this year's budget with you.

Of course, you've seen the headlines and heard the commentaries. People are unhappy about taxes. Others are unhappy about spending cuts. And some are concerned about how the social contract will impact on them. That's not unexpected. I know this was a tough budget. It was meant to be.

In this budget, we intended to deal head-on with the fiscal and economic challenges facing Ontario. We implemented a balanced and fair fiscal package. It's a package that asks all Ontarians to share in the solution. It's a package that protects the most vulnerable in our society. It's a package that preserves the public services Ontario has spent generations building—like health care and education.

But all the fiscal responsibility in the world will only amount to a half-hearted effort to support the economy if we let fiscal targets be the sole focus of our work. That is, if we said lowering the deficit was the only thing we had to do to support Ontario's economy, we would be taking a simplistic view of this province.

That's why a very important part of this budget package invests in Ontario's economy through infrastructure investment, training and community-development initiatives. These investments, along with fiscal responsibility, are the key ingredients to securing a stronger Ontario.

I believe very strongly we've made the right choices for Ontario in this budget—by providing a firm foundation for economic recovery; by making government more efficient and affordable, preserving those public services that benefit all our citizens; and by asking those who have the most to contribute the most. And by not leaving the tough decisions for another day.

I was very encouraged to hear last Friday that Moody's Investors Service of New York, one of the key rating agencies, confirmed Ontario's double-A credit rating. Moody's confirmed the rating following a review that began earlier this spring and concluded with the budget. I quote from their comments:

"The pace of debt accumulation should stop beginning next fiscal year, as government action, combined with modest improvement in the economic climate, is likely to promote a gradual narrowing of the budgetary imbalance. The government's budgetary measures demonstrate a commitment to reducing, over the medium term, the structural imbalance between its revenue-generating capacity and its expenditure base."

In other comments, they note that cutting into the expenditure base "reflects a comprehensive cost-control strategy being implemented by the province."

I have learned over the past 2 1/2 years not to take anything for granted, especially when it involves forecasting. We have been hammered in our revenue projections by an economic downturn that went longer and deeper than any analysts predicted.

Moody's and others have noted potential vulnerabilities in our deficit plan, such as some asset sales. We are aware of the potential for slippage and we are prepared to deal with it.

We've been cautious and open in our calculations. For example, we are not assuming any stabilization payment from the Federal Government. We are applying for it—we are hoping to get what we are entitled to—but we have learned to hedge our bets where Ottawa is concerned.

We're also being reasonable and responsible in the pace at which we are bringing the deficit down. We recognize we must avoid causing major dislocations in the economy and in public services. That's why we have adopted our three-pronged approach in these budget-expenditure reductions; a social contract with employees and employers in the public sector; and tax and other revenue increases.

Without the actions we took on this budget, our deficit would have been close to $17 billion. We cut that almost in half. The actions we've taken will save Ontario some $5 billion in interest charges over the next three years. Public debt interest costs as a proportion of the revenue dollar will be about 16 cents this year. According to our fiscal plan, interest costs will stabilize around 17 cents over the next two years. Our debt as a percentage of GDP will also stabilize.

We remain committed to balancing the operating budget. Our plan has it down to $2.6 billion by 1995–96. I think the medium-term fiscal plan we have in place is credible because of what we have done this year.

The first part of this year's package was an aggressive expenditure control plan which cut $4 billion in planned spending. For the first time in 50 years, operating spending by the government of Ontario—and that includes governments of every political stripe—is actually going down. Programme spending has been reduced by 4.3 per cent compared to last year. Government has taken the biggest single spending reduction—over $700 million—in its own internal operations. This is a reduction of about 10 per cent. The number of ministries has been reduced from 28 to 20 for a saving this year of $40 million in overhead costs. Expenditures for communications, consulting, travel and other non-salary costs have been chopped by 24 per cent over the past two years. By the end of this fiscal year, there will be 5,000 fewer employees in the public service, compared to two years ago. Health-care spending, which has increased by 11 per cent a year on average for a decade, was brought down last year to less than one per cent.

We accomplished what we set out to do with our expenditure control plan. But it wasn't easy. Some of our critics are saying that these are phantom reductions because many of them involved cutting planned spending for this year. I say—let them tell the people in communities where government offices and facilities are being closed down that these reductions are not real. Let them tell the municipal leaders who are not getting the unconditional grants they expected that these reductions are not real.

The expenditure reductions are a necessary part of our balanced package. But let's not pretend that they were an easy solution or the result of some kind of creative accounting. I expect there are people in this room who have gone through some pretty agonizing downsizing exercises in their businesses. Let me tell you, it isn't any easier reducing staff and doing organizational restructuring in the public sector. In fact, it may sometimes be harder because our customers—the public—have high expectations and a low tolerance for any cutbacks.

The second part of our package is the social contract. I don't think anyone would accuse the government of taking the easy way out in this area. We are the first government in Canada to even attempt such a contract with all its employers and employees. As you know, the social contract negotiations are still on-going. We've made it clear we must achieve $2 billion in savings this year. I'm optimistic that money will be found at the negotiating table. I think it's important people understand the social contract is really about two things. More immediately, it is about finding $2 billion in savings. But, just as important, it's about changing the way the public sector works. On the table are a number of items that, if agreed to, will help the public sector become more open, more accountable, more democratic, and ultimately more efficient and effective. We will report in June on how the $2 billion will be achieved. However, the $2 billion has already been identified in our budget as coming off the spending side.

The effort to achieve a social contract reflects our conviction that it's time to find new ways of working. It is based on the belief that democracy should exist in the work place and not only in the polling booth. It is based on the belief that labour and management can work together to find new, flexible and innovative ways of tackling challenges. No one said this new way of working would be easy. But certainly, it is worth it.

The third part of our balanced three-pronged package is increased revenue.

We only raised taxes after we made clear to the public we were serious about reducing our spending. That's why we announced both the expenditure control plan and the social contract negotiations well ahead of the budget. We did everything we could on the spending side of the ledger before asking the rest of Ontario to make its contribution to the budget. I understand nobody wants to pay more taxes. But I want taxpayers to understand some things about these tax increases: We raised the personal income tax and the surtax because it's the most progressive tax we have, based primarily on ability to pay. We did not raise the retail sales tax rate because of concern about its impact on consumer spending at a time when confidence is fragile. We found almost $4 in savings and reduced costs for every additional dollar in taxes.

The impact of the PIT changes and the limited extension of the RST mean that a typical two-income family of four earning $60,000 will pay an annual increase of less than $7 a week more. At the same time, an additional 40,000 two-income taxpayers will pay no Ontario income tax and another 10,000 will have their taxes reduced by the Ontario tax reduction programme. Since we took office, some 200,000 low-income Ontarians have been taken off the tax rolls entirely.

That's what we mean by fair. That's what we mean by protecting those who are most vulnerable. I've been told by some of our critics that I should not have asked taxpayers to dig a little deeper to contribute to the solution to our fiscal challenge.

So let's look at the alternatives. We could have engaged in further spending cuts and forgot about taxes. Not only would this cost public-service jobs, it would also severely damage the network of services Ontarians rely upon.

We've already cut public-sector spending by $4 billion this year. And we plan to take off another $2 billion through the social contract talks. Another $2 billion—in addition to the $6 billion—would be devastating for people and programmes. We estimate this would cost at least 20,000 jobs. I emphasize the words "at least." How will laying off at least another 20,000 people help Ontario's economy?

Our revenues—even with this very aggressive tax hit—are lower as a share of GDP than they were in 1989. This year revenues are 11.2 per cent of GDP. In 1989, they were 12.3 per cent. And yet, the need for public services is even higher than it was back then.

1 ask those who advocate more spending cuts instead of higher taxes to identify exactly what they would cut. The usual answer is to cut the fat. Well, we have put ourselves on a rigorous diet for some time now and I think after the expenditure-control exercise, we are getting pretty lean.

More cuts this year would clearly mean more service reductions and lost jobs and not just in the public sector. That's because a lot of the almost $4 billion we spend on infrastructure goes to private-sector companies. It is private-sector companies that build our roads, sewer systems, schools and so forth. And it is private-sector companies that supply the building materials, and manufacture the equipment used on construction sites. So our infrastructure investment maintain tens of thousands of private-sector jobs and helps private-sector companies.

And surely, education and training is an investment well worth making at this time. The $9 billion Ontario spends on education and training is preparing the work force of today and tomorrow. Most of these workers will end up being employed by private-sector firms.

These are public expenditures, funded by taxes, that support economic growth and job creation. They are a major contributor to Ontario's competitiveness. I know there are those who think we should have achieved a much lower deficit—but without major tax increases. To forego the tax increases and bring the deficit lower, would, quite frankly, lead to a decimation of public services, and a tremendous loss of jobs in both the public and private sector. The economic consequences of these alternatives are the very reason we've implemented a balanced package of initiatives.

Another alternative would be to do some tax moves other than the ones we did. I'm sure it wasn't lost on this audience that the corporate income tax rate was not increased. The rate reductions from previous years for manufacturing and resource industries and small businesses, and improved R & D incentives remain in place. The Commercial Concentration Tax was abolished. Small businesses will be exempt from the new Corporate Minimum Tax and 90 per cent of all businesses will not even have to calculate this tax. The retail sales tax rate was not increased. I know it is questionable to talk about taxes you didn't raise. But I think these are a good illustration of choices we made—namely to avoid as much as possible taxes that could dampen business investment and job creation at a time when so many people are out of work.

I doubt there are very many people in this hall who would support the alternative of letting spending and the deficit rise. But that argument has been made in the media and elsewhere. The argument says that the government should not cut back because withdrawal of government spending from the economy costs jobs. My answer is that we are still spending $9.2 billion more than we are taking in—in taxes and other revenues.

I'm convinced that a much higher deficit would undermine consumer and business confidence in the economy. People would know that more and more of their money is going to pay interest to bondholders, many who don't even reside in this country.

I'm sure you're aware this government made a deliberate choice in the depths of the downturn in 1991 to fight the recession, rather than the deficit. We take responsibility for that decision, and I still believe it was appropriate, given the severity of the economic decline. But we said at the time—and I came before this particular group to say it—that we would bring the deficit down over the medium-term when the economy was in recovery.

The economic recovery has begun. It is fragile, but it is real. The pace of job growth so far this year is the fastest since 1988. We learned from the experience of other governments in the 1980s that it is important to begin an aggressive deficit reduction plan as the recovery begins to take hold. We're bringing the deficit down at a reasonable and credible pace to maintain confidence in the economy, to save jobs, and to preserve important public services.

This budget deals with our fiscal challenges but it also recognizes that investments in the economy must continue. Since budget day, I've heard a lot of rhetoric about killing jobs. This government is supporting job growth in Ontario, not job loss.

We expect the Ontario economy will create, on average, 115,000 jobs per year over the 1993 to '96 period. That means renewed hope for our laid-off workers, and for our young people coming out of school and into the job market for the first time. Unemployment is still very high—unacceptably high. That is why this government is continuing to invest in jobs and people to help sustain the momentum of recovery.

I've already mentioned our investments in capital infrastructure and training. We are expanding our jobsOntario programme—which invests in job creation, strategic capital projects, worker training, affordable housing and child care for working parents. Much of jobsOntario is based on partnerships with the private sector. We expect jobsOntario training, for example, to provide jobs for

35,000 to 40,000 people in firms across Ontario this year. And an equivalent number of employed people are expected to receive training. We're launching a new jobsOntario community action programme to support economic development in communities, with a focus on local enterprise investment. For example, this programme will help get ideas off the ground by providing small-scale loans to people with viable business plans but no access to traditional financing.

We're continuing to work with the private sector through our Sector Partnership Fund, through sectoral training agreements and other initiatives.

And we're improving the way government operates—revamping our systems and processes and structures so that the public sector is more efficient and more effective. In this way we can better target and reallocate our spending to make strategic investments in Ontario.

As I said earlier, this government has taken the approach that fiscal policy is important. But it alone will not guarantee a brighter future. It is important for a government to recognize and act on the need for investments in the economy.

I am the first to admit there is only so much a provincial government can do to deal with the economic challenges that face Canada. There are others who have an important role to play in promoting recovery. I believe Ontario has done its part on the fiscal side. And today I call on the Bank of Canada to do its part. Monetary policy is still very tight. Real interest rates are very high by historical standards. Inflation is running well below John Crow's targets and shows no signs of rising. Interest rates must come down.

I believe Ontario has done its part on the investment side. And today I call on the Federal Government of Canada to do its part on the investment side. This country needs more than half-hearted efforts at infrastructure investment and labour adjustment. We need a committed federal government that recognizes its responsibilities in these areas and takes real leadership to get this country working again.

In closing, Ontario is doing what needs to be done to ensure the province's debt burden does not so overwhelm government finances that we lose the ability to make necessary investments in our economy and in our people.

We are not into debt control so that we can reduce the role of government in our society. That is not our political agenda. In fact, it is because we believe so strongly in the positive role that government can and should play in our economy and our society, that we are determined to keep the burden of debt interest from pushing important public priorities off the table. Priorities like investing in jobs, training and infrastructure for the new economy. Priorities like preserving and improving the best universal health-care system in the world.

We are doing what needs to be done to ensure that Ontario's future belongs to Ontario's children. Thank you.

The appreciation of the meeting was expressed by Dr. Frederic L. R. Jackman, President, Invicta Investments Incorporated and President, The Empire Club of Canada.

*Club directors Duncan Jackman and S. W. "Sam" Billich, with third Vice-President David Edmison.*

May 27, 1993

# The Hon. Kim Campbell

Minister of Defence, Minister of Veteran's Affairs and Progressive Conservative Leadership Candidate

# FORGING A NATIONAL ECONOMIC AGREEMENT

Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

**Head Table Guests**

Montague Larkin, Chartered Accountant and an Honorary Director, The Empire Club of Canada; Erica Spencer, grade 12 student, Lawrence Park Collegiate; Alan Schwartz, Partner, Gluskin, Sheff & Associates Inc. and National Fundraiser for P.C. Party, Kim Campbell Fund; Ian MacPhail, Barrister and Solicitor and a former Director, The Empire Club of Canada; Isabel Bassett, Author, Broadcaster and President, The Canadian Club of Canada; Dr. Reginald Stackhouse, Principal Emeritus, Wycliffe College, Author of *You Don't Have To Be Neurotic To Be Insecure* and a Past President, The Empire Club of Canada; The Hon. Shirley Martin, Minister of State for Transport; Thomas Wells, former Agent General for the Province of Ontario and a Director, The Empire Club of Canada; Effie Triantafilopoulos, practices Immigration and International Trade Law with the firm Fogler Rubinoff; Catherine R. Charlton, M.A., President, The Charlton Group and a Past President, The Empire Club of Canada; Robert McGavin, Chairman of the Board of Governors, University of Toronto, Chairman of the Board of Trustees, Olympic Trust of Canada and Senior Vice-President, Toronto Dominion Bank.

**Introduction by Dr. Jackman**

Honourable Minister, distinguished Past Presidents, guests, members and friends, welcome to the third Progressive Conservative leadership speakers' forum. This forum was established to provide each candidate a more lengthy platform than in the recently-concluded televised national debates.

Unlike Stanley Hart, the moderator of that TV series, "Who will you vote for tonight?" and who would always want each candidate to summarize their position in 10 minutes, we unlike him want to give each candidate a setting in which they can give full scope for personal and policy expression and for some interchange with an articulate audience. Ms. Campbell has agreed to respond to questions from the audience at the conclusion of her address. Please print your questions on the cards provided on each table, raise your hand and someone will collect your questions.

It is 10 years since the Progressive Conservative Party has held a leadership convention. The winner, on June 13 will shortly become the Prime Minister of Canada and will play on the main stage of national politics for some years to come.

Before introducing Ms. Campbell, I would like to acknowledge, in our audience, John Long, who as an ordinary citizen, convincingly proved that our political system is open to all. Mr. Long has left the leadership race and will not be appearing as one of our speakers. Mr. Long would you rise and be recognized.

Today, we have the pleasure of welcoming The Honourable Kim Campbell, Minister of National Defense and Minister of Veterans' Affairs. With the Minister's busy tour schedule, coupled with her numerous official duties, we are delighted that she has included The Empire Club of Canada in her busy agenda.

No Canadian politician in recent memory has stimulated such wide public interest and received closer scrutiny from Canadian and international journalists. Featured on the cover of many magazines, her comments are quoted, requoted, misquoted and quoted out-of-context.

I do not propose to summarize what has been said about Kim Campbell. She has been televised, interviewed, highlighted and spotlighted. There is hardly a newspaper, magazine, TV or radio story that does not carry a Campbell episode. However, just in case you have missed all of it, there is a brief biography on each table.

Ms. Campbell can speak with directness, frankness and with spontaneity. In doing so there are attending hazards which Ms. Campbell appreciates fully. Kim Campbell would like to continue to be open to Canadians. In doing so she would like responsible reporting from the media and a new kind of politics for all Canadians.

We are here because we wish to experience Kim Campbell in person, without the competition of other candidates or having her reduced to a 30-second TV clip or a 10-second news bite.

Ladies and gentlemen, would you welcome The Honourable Kim Campbell.

## Kim Campbell

All of the candidates for the leadership of the Progressive Conservative Party have focussed on the federal deficit as the single greatest barrier to sustained economic growth and job creation. In this regard we differ from Jean Chrétien and Audrey McLaughlin who, true to form, have attacked every spending cut in the most recent federal budget and called for billions of dollars in new spending on everything from infrastructure to child care to grants to business, farmers and the fisheries.

All of us in this leadership race are supporters of the policies that have given Canada the lowest and most stable inflation and interest rates in more than 20 years. Consumer prices are rising twice as fast in the United States as they are in Canada. Think about what effect that is going to have on cross-border shopping.

But again, Jean Chrétien and Audrey McLaughlin have a different point of view. Just three months ago, Mr. Chrétien stood up before The Empire Club and called for a more "balanced" approach to inflation. In fact, and I quote, he said that Canada "should attempt to do about as well as the United States on inflation—only in very unusual circumstances should we attempt to do much better."

So we have somebody who would be Prime Minister of Canada advocating a "made in the United States" inflation policy. Jean Chrétien doesn't believe we can or should do any better. His policy is to double our rate of inflation and hand the keys of the Bank of Canada over to the

Chairman of the Federal Reserve Board in New York. It's an abdication of responsibility and an abdication of Canadian sovereignty.

Yet Audrey McLaughlin is so impressed with Jean Chrétien's policies that she said, last July in Kitchener, that she would join him in a coalition government or a Parliamentary alliance if there were a hung Parliament after the next election.

Well, I think they should both wake up and smell the coffee! We are witnessing in Canada one of those rare moments when we can make some very real and lasting changes to the way governments function. For the first time since I entered public life some 13 years ago, I can see the elements of broad agreement between all levels of government that will offer some relief to the very hard-pressed middle-income taxpayer. You know, we've thought we've seen the light at the end of the tunnel on other occasions in recent years—but it always turns out to be just another train coming our way.

But as someone who has been elected at the local, provincial and national level, I think we have not only an opportunity but the duty to forge a national economic agreement among the various governments of Canada—with the participation of employers, employees and consumers—to get the fundamentals of our economy back on track.

A national economic agreement should have as its purpose not only the immediate objectives of eliminating deficits and putting the economy on the path to sustained job creation, but also longer-term goals to prepare Canada to succeed in the new economy of the 21st century. I would want to invite all Canadians to participate in setting the agenda for a national economic agreement. From my own point of view, we should concentrate on five areas:

- A national fiscal plan to restore public finances at all levels of government;

- Comprehensive income-security reform programmes more effective at helping Canadians become self-sufficient and to ensure our elderly and disabled enjoy a decent standard of living as the population ages;
- A national effort to integrate education, literacy, job training, unemployment insurance, social assistance and labour force adjustment policies into a strategy to prepare Canadians to benefit from technological change and to keep highly-skilled and well-paid jobs in Canada;
- A national trade and technology policy to create new jobs and new hope for Canadians—one element of which must be to eliminate interprovincial trade barriers; and
- Serious national tax reform to provide relief to taxpayers and to address those elements of the tax system—long-term capital gains taxation and payroll taxes—that dampen new investment and job creation.

I have laid out proposals in each of these areas over the course of the leadership campaign. In each case I have stressed the need for the Federal Government to bring provincial governments onside, and to involve interested Canadians in the process. I have made that a priority because I think the time has come to stop pretending that any single government—or even all governments together—can or should manipulate the national economy as if it were some machine with levers, knobs and buttons. The national economy is 13 governments, one million businesses, 13 million employees and 25 million consumers. It is arrogant, foolish and old-fashioned to believe all of that can be directed around a cabinet table in Ottawa.

Today I would like to discuss one component of a national economic agreement in more detail, to share with you the reasons I think it is necessary for Canada. I agree with my colleagues in the leadership race on a broad range of policies to cut the federal deficit. But until they start talking they are limiting themselves to solving only half the problem. Because we don't just have a $32 billion federal deficit in Canada, we have a $60 billion national deficit. And the foreign lenders, who finance half of the total amount, do not much care whether it's Saskatchewan, New Brunswick, Ontario Hydro or the Government of Canada—to them, we are all in the same boat and we all sink or swim together. And, frankly, I agree with them.

That's why, five weeks ago in Montreal, I called for a national approach to solving government deficits. If I become prime minister I want to sit down with the premiers and thrash out the issues of reducing duplication and overlap and cutting expenditures. It's going to take a lot of courage, a lot of good will and a lot of imagination. But we have to seize the moment and capitalize on public and provincial concern about deficits. To get the ball rolling, I would make the following suggestions.

Reform means, at its most basic, that federal and provincial governments must realign their basic programme responsibilities and match them with appropriate revenue-raising powers. It does not make sense in the long run to separate the power to design and deliver programmes from the discipline of having to raise taxes to pay for them. I believe that is one of the root causes of deficits in Canada.

The next step is to reach agreement on taxes. What is the point of one government cutting taxes and offering some relief when another level of government simply raises its taxes? The taxpayer doesn't see any benefit at all. We have to ensure that different governments are not working at cross purposes.

I would go one step further. Does it make sense for there to be 13 different tax-collecting bureaucracies in Canada? Is it really necessary for the Federal Government and each provincial and territorial government to be in that business?

Already, Revenue Canada, by agreement, collects personal income tax on behalf of nine provinces, meaning that they don't need their own bureaucracies to do it. In his recent budget, Premier Ralph Klein suggested that Alberta might save money by joining those provinces that have Revenue Canada collect their corporate income tax. I would like to explore with the provinces the possibility of having a single independent national commission to collect consumption and income taxes on behalf of all governments who agree to take part. I think it has the potential to cut duplication of efforts very significantly.

In addition, I have called for opening up the budget-making process at the federal level—in particular, using the House of Commons Finance Committee to lay out broad budgetary principles and hold public hearings on them so that people have a chance to comment on the whole range of options. I think if people saw the range of options and the thinking that went into the setting of priorities, it would be more difficult for special interests and the opposition to pick particular items out of context.

To go one step further, I would invite the provinces to join a more co-ordinated federal-provincial budget-making process on a relatively fixed cycle. Canadians would be better served if we could agree on economic and fiscal outlooks, harmonize our policies and establish, when possible, common objectives.

The need for this last point was brought home to me this past week when the Ontario budget came down.

I have proposed on-the-spot GST visitor rebates to boost the tourism industry; Ontario has just cancelled all visitor rebates of provincial sales tax. I proposed doubling the GST rebate on new home purchases to boost the construction industry; Ontario has increased land transfer fees, put an eight-per-cent tax on mortgage insurance, and raised development fees. I have proposed holding the line on taxes; Ontario has imposed heavy tax increases that will dampen the recovery. I have proposed measures to boost investor confidence; Ontario has just imposed retroactive income tax increases that will do just the opposite.

If I were prime minister of Canada, I would want our minister of finance to sit down with his or her provincial counterparts and sort those sorts of things out. If we can't all head in the same direction, maybe we could at least avoid undoing each other's efforts.

One cause of Canadians' frustration with government finances is that targets are never met, economic forecasts are rarely believable and federal-provincial finger pointing permits governments to dodge accountability. That is why I would like to use the federal-provincial budget-making process to set realistic spending, deficit and taxation targets. I believe such a system would put a powerful tool in the hands of taxpayers and voters to hold politicians accountable.

At the end of the day it is the taxpayers and voters who have to decide who has a more realistic approach to meeting Canada's challenges. I am absolutely convinced that this country has a tremendous future awaiting us—if we only pull ourselves together long enough to grasp the opportunity.

We will not grasp that opportunity if we stay stuck in the old politics of "he said, she said," or the old dynamic of federal-provincial bickering. The time has come to open our minds, open our ears and open our eyes to the need for national solutions to national problems.

Some people make light of the whole question of process. They talk about being results-oriented as if process and results were unrelated. They think the act of governing is simply to issue edicts and tell people—and other governments—what's good for them. That kind of "rambo federalism" makes for good rhetoric, but it has one serious flaw. It won't work.

What's important is not jurisdiction—it's securing our economic future and quality of life. I believe there is nothing we cannot achieve in this country if we can summon the political will to act together in pursuit of our shared hopes.

As I have travelled across Canada, I have been struck by the real fears of many Canadians, especially young people, who worry that we have lost that will. I believe we owe it to them to try to rediscover it. That will take the commitment of every Canadian and every level of government. But most importantly, it will take a leader who shares that vision and is determined to bring about lasting and effective solutions. If I have the honour of becoming prime minister of Canada, I would consider it my very first priority.

Thank you very much.

The appreciation of the meeting was expressed by Catherine R. Charlton, President, The Charlton Group and a Past President, The Empire Club of Canada.

*Left to right: MGen. Reginald Lewis, C.M.M., C.M., C.D., and a Past President of The Empire Club of Canada; The Hon. Kim Campbell, M.P., P.C., Minister of Defence and Minister of Veterans' Affairs, Government of Canada. In the background, from left to right, Willis Blair, Secretary, Dr. Frederic L. R. Jackman, O.St.J., Ph.D., President of The Empire Club of Canada and Robert McGavin, Senior Vice-President, Toronto Dominion Bank.*

June 2, 1993

# The Hon. Jean Charest

Minister of the Environment and Progressive Conservative Leadership Candidate

## CANADIAN POLITICS FOR A NEW CANADIAN CENTURY

Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

**Head Table Guests**

Julie K. Hannaford, Partner, Borden & Elliot and 3rd Vice-President, The Empire Club of Canada; The Very Rev. Nicholas Bolderiff, Rector, Christ The Saviour Russian Orthodox Cathedral; Sheldon Taylor, President, John Brooks Community Foundation and Scholarship Fund and Member, Part-Time Faculty, History Department, York University; Sarah Band, Past President, The Empire Club of Canada; Allan Fotheringham, Columnist, Financial Post and Maclean's Magazine; Michelle Dionne, Special Education Teacher and wife of our guest speaker; Ron Graham, Journalist and Author on Canadian Politics, Religion in Canada and French-Canadian History—currently working on recent book about Public Life Today; The Hon. Barbara McDougall, P.C., MP, Secretary of State for External Affairs; Hershell Ezrin, Executive Vice-President, Speedy Muffler King and 2nd Vice-President, The Empire Club of Canada; Elizabeth Harvey, grade 13 student, St. Clement's School; Charles Pachter, one of Canada's most distinguished artists; Susan Eng, Chair, Metropolitan Toronto Police Services Board; Prof. J. Robert S.

Prichard, President, University of Toronto; Dr. Sherry Cooper, Director and Chief Economist, Burns Fry Limited.

## Introduction by Dr. Jackman

Welcome to the fourth in our series of luncheons with candidates for the leadership of the Progressive Conservative Party of Canada. For those of you who have not been with us for previous speakers in this series, The Empire Club organized these luncheons to give the candidates an opportunity to talk at length about their visions and ideas for Canada. At the conclusion of his address today, Mr. Charest will answer questions. Please print your questions on the cards at each table and raise your hand and your card will be collected.

Ladies and gentlemen, yesterday was famous for celebrating the heroic Maple Leafs. Today, of course, is Jean Charest day! In recognition of The Honourable Minister's appearance at The Empire Club, The Toronto Sun, The Financial Post and Macleans Magazine have all featured him on their front pages and the day is only half-done.

The Honourable Jean Charest is fond of sharing the advice given to him by his father. His father told him that there are three important things needed to succeed in life. The first thing is "le travail" —work. The second thing is "le travail," and the third thing is "le travail." Judging from his past achievements, there is no doubt that he took the advice seriously.

Born in Sherbrooke, Quebec in 1958, Jean Charest earned an LL.B. at the University de Sherbrooke. He practised criminal law until 1984 when, against the advice of so-called wiser minds, at the age of 26, he ran for the House of Commons against a four-time Liberal incumbent and was elected as the Member for Sherbrooke. In 1986, Mr. Charest at age 28 became the Minister of State for Youth, the youngest cabinet minister ever appointed in Canada. For those who would caution youth against the pitfalls of high office, we must remember William Pitt, who at the age of 24 became Prime Minister of England and served 18 years as a distinguished First Minister.

Many of Jean Charest's youthful achievements, government and cabinet posts are described in the brief biography on your tables. But I would draw attention to the special committee to study the proposed companion resolution to the Meech Lake Accord which Minister Charest chaired.

The resulting Charest Report led to Lucien Bouchard leaving the Progressive Conservative Party and forming the separatist Bloc

Québécois. Recent polls suggest that our speaker is the only current Conservative political leader who could defeat the Bloc in Quebec.

Ladies and gentlemen, Jean Charest has created a record of accomplishment that would be impressive at any age. However, lest you think that the Minister's life is all "le travail," let me assure you otherwise. His wife Michelle Dionne, and his three children (Amelie, Antoine, and Alexandra) ensure that it also includes time for "le fun."

Most of you think that today is June 2, but in the parlance of election campaigns which, not surprisingly, work backwards, today is day 11 —that is 11 days until election day. Or 11 days left for the tortoise to pass the hare and win the race. The Financial Post says the race is "neck and neck" and today's sold-out audience suggests that Jean Charest could win the race.

Ladies and gentlemen, please welcome The Honourable Jean Charest.

**Jean Charest**

Ten days from today, the Progressive Conservative Party of Canada will choose a new leader, a new prime minister. That person's role will be to guide that party, and this country, into a new century of Canadian success.

Naturally, I am in that race to win. And naturally, I believe I would be the better leader, the better prime minister. But that is not my decision. Not at our convention, not in the election that will follow. Canadians will make that decision. My goal is to prove to Canadians that I am worthy of their choice.

I am pleased with the progress we have made. What started as a coronation is now a contest. What was declared a rout is now a race. As the saying goes, I am number two, but trying harder. And maybe, just maybe, the tale of the tortoise and the hare is true. But I'm not there yet.

My approach has been straightforward—to be straight with Canadians. To outline my ideas—directly. To meet with Canadians from coast to coast and describe my hopes and my dreams for my country. I believe in the sort of leadership described by Edward R. Murrow, the great journalist. He said: “To be persuasive, we must be believable. To be believable, we must be credible. To be credible, we must be truthful.” And that has governed my campaign.

I am also pleased with the conduct of the process as a whole. Leadership campaigns can be divisive. But this campaign has not been like that. It has been civilized, and rational, as befits the stakes and the expectations of Canadians, inside and outside my party.

Today, I want to talk about our country, and its future, not the convention and my future. I want to talk about a new Canadian politics for a new Canadian century. If we ever could, we can’t coast any more in this country. If before we could avoid hard choices, we need to make them now. And if before we could rely on luck, now we need leadership.

There are pressures from outside Canada that require us to come together in strength, not stand apart in silence. There are pressures inside that make it more necessary than ever that we consciously construct community out of difference. There are pressures from the past—of debt, of deficits—that demand tough decisions, but fair decisions. We need a type of politics that is worthy of this country. We need a politics of results, not rhetoric. Canadians know what the problems are.

Canadians don’t have a problem with going into the polling booth every four or five years. The problem they have is what we do after they leave. No wonder Canadians grow weary and wary of politics when they are treated seriously only when an election comes, or a leader is chosen.

We need more realism today, less rhetoric; more decision, less dubious debate. Furthermore, I believe that this country needs a strong dose of hope. Not tilting at windmills. Not the hope that comes from denial. But Canadian hope, built on knowing our values and sustaining them, of knowing our strengths and building on them. For too long, we've been telling each other that we're not good enough, that time has passed us by, that Canada's best years are over, that wherever the future is being built, it's not here. What message of hope are we sending? What self-fulfilling prophecy are we building?

Nobody was mesmerized by weakness when we Canadians invented medicare. R. B. Bennett was not cringing when he established the CBC. Lester Pearson was not pouting when he put peacekeeping in place. The Fathers of Confederation were not nurturing nostalgia when they thought Canada was a country worth creating. There is an old saying—where there's a will, there's a way. We know the ways. We now need to demonstrate the will.

I have put forward a platform that is clear and straightforward. I believe it focusses on the issues that matter most to Canadians, to our country, to our future. That platform is about more jobs. It is about less debt. It is about better results from government. And it is about restoring to Canadians their freedom to choose, for themselves, for their children, for their country. That platform is built on a foundation—of purpose, of hope, of vision.

This is not an easy time for Canadians. Nor is it for our country. There is real fear, real frustration, a real desire for results. Canadians who have a job worry that they might lose it. Canadians who have lost their job fear that they will never find another one again. Canadians look at their schools, and they see too many children leaving and not enough learning—of the basics, of how to read and to write. Canadians look into their streets, and they feel safety slipping away. Canadians look at our great national programmes and worry that they will not be there when they need them—when they are old, or sick, or when hard times arrive. The role of leadership today is to help end the hurting, and to start the healing. To help restore pride and purpose to the lives of Canadians. It is time to give Canada back to Canadians.

Addressing a debt is not about balance sheets or bankers. It is about the damage the debt does to the personal dignity and goals of all Canadians, to their ability to do great things together. Addressing the issue of jobs is not a matter of StatsCan statistics, or G-7 comparisons. It is about helping Canadians secure not only prosperity, but the pride and responsibility and capacity to contribute to community and to country. Addressing the environment is not only about saving trees. It is about preserving our Canadian heritage, our hallmark. If we protect the environment, we are protecting part of our Canadian soul. And reexamining our national social programmes is not about abandoning Canada, but keeping Canada, and its values and practices alive.

Let me be clear. The debt is a problem today because governments yesterday did not look ahead. I do not want us to make that mistake again on the programmes that matter more to Canadians than just about anything else. Ten years from today, Canadians who are sick must not worry about where their health care will come from. Twenty years from today, pensioners must not be faced with the bankruptcy of a programme they helped fund. And we must ensure that people who are put out of work through no fault of their own can still count on the support of their country.

The issues that confront us are challenging, and some of them are complex. But I believe the qualities of good leadership are simple and straight forward.

First, leadership is the will to make hard choices. To be willing to say that not everything can be, or should be, a priority. To be able to focus on four or five key issues and get results. To tell Canadians the truth about how hard and how long our efforts must be. To be willing to say that we cannot afford some programmes today, in the interest of ensuring that we will be able to afford better programmes tomorrow.

Second, leadership is the will to lead by example. We cannot expect Canadians to sacrifice and not sacrifice ourselves. That is true of government, where we can no longer afford the complexity and the cost created by a cabinet of 35 Ministers, and why I have proposed reducing the number of ministers to 25, and the number of departments to 15. On pensions, we cannot provide for politicians better than we do for other Canadians. Is it right, that I, could leave politics and collect a pension and double dip for decades? As I said in the Halifax debate, that system must be reformed so that pensions of politicians should more closely reflect the pensions Canadians themselves can expect.

Third, leadership is protecting and speaking for those who are most vulnerable. The easiest group in society to protect is the majority, because they can always protect themselves. The test of leadership is in the protection of minorities.

That is why, in the Montreal debate a few weeks ago, I believed it was necessary to speak out in favour of minority language rights. Political convenience might have said otherwise. But I am talking about being the prime minister of Canada, not the prime minister of a place called convenience. I believe the prime minister of Canada should defend the rights of the English minority in Quebec just as he or she should the rights of the French minority in the rest of Canada. I have, and I will.

Fourth, leadership is bringing Canadians together in common cause for their country. It is a quest for the highest common ground, not easy acquiescence in the lowest common denominator. The easiest thing to do is to divide Canadians, to set them apart, to seek power and popularity by building a sense of “us” versus “them.” Well, the only people in my Canada are Canadians. We need to work harder at tolerance, not to be nice, but because we need it. Because Canada works best, and succeeds most, when we reach out to one another, to help each other reach our full potential. The crude survival of the fittest is no strategy for Canada. It would sacrifice our values. More than that, it would sacrifice our success.

My experience in politics has led me to believe that the real success of our country depends on our capacity to reach out to those who, for all sorts of reasons have not quite fitted in, whether it is a young person who has dropped out of school, or a person who has not learned to read or write, or perhaps it is someone who suddenly is caught in the middle of down-sizing and is out of a job.

Whatever the situation may be, I have always felt strongly that our capacity to help these people overcome their challenges and succeed, is what will determine the real success of our society.

Finally, for me, leadership is acting in the view that this country is more than a corporate formula, more than a marketplace to make profits. Canadian leadership is about more than worth; it is about values, and identity and purpose.

I understand the unease that some Canadians feel with freer trade. They know trade is necessary for jobs and prosperity. But they fear a terrible trade-off, that we are being asked to give Canada away in order to keep it. Of course, we cannot put walls around Canada. There are no fortresses, no isolated islands any more. And yes, we need to trade, more than ever, because it is through selling abroad that we will be prosperous at home.

However, I believe that it is crucial, not despite that, but because of that, to work harder, more consistently, to preserve our Canadian culture, our Canadian identity, our Canadian values. That will not be done in Hong Kong, or Hollywood, or Hamburg. It will be done here, and it will be done by us, by Canadians. As we build our ties to the world, let us solemnly undertake to strengthen our ties with each other. That is not something to be left to the trade winds. It is something we must do consciously ourselves.

The country I cherish, that I seek to keep, to make stronger, more fair, more free is here, nowhere else. And that too is about leadership. To make hard decisions always, but heartless decisions never. To be clear-sighted, but not short-sighted. And to remember that what Canadians want is not simply a leader who will make good choices, but a leader who will make Canadian choices as well.

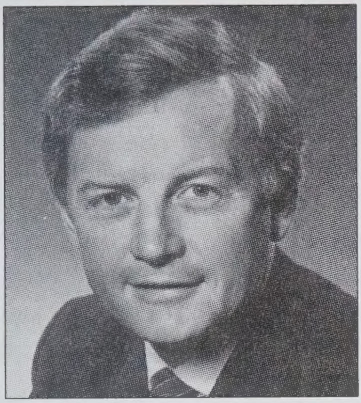
Pride in our country is not apart from prosperity. And patriotism is not some 19th century frill. We need it today, for ourselves, for our future, for our children. The caring, daring, confident, Canadian pride that what we have here is worth keeping and passing on to the future.

And so that torch is passed to us, to build a new Canadian coalition, a new Canadian consensus, for a new Canadian century.

As a candidate for the leadership of the Progressive Conservative Party, let me quote the words of a great Liberal. They belong to Sir Wilfrid Laurier who, after a long life of Canadian leadership said, and I quote: "I shall remind you that ... Many problems rise before you: problems of race; ... Problems of economic conflict; problems of national duty and national aspirations ... (But) you have a safe guide, and unfailing light, if you remember that faith is better than doubt, and love is better than hate ... Be adamant against the haughty, be gentle and kind to the weak. Let your aim and purpose ... In victory or defeat, be so to live, so to strive, so to serve as to do your part to raise ever high the standard of life and living."

I am here simply to declare that I will try to live by Laurier's words, as leader of my Party, and as prime minister of all of Canada. Certainly, Canadians deserve no less.

The appreciation of the meeting was given by Sarah Band, Past President, The Empire Club of Canada.



June 3, 1993

# Patrick Boyer

Progressive Conservative Leadership Candidate

## AWAKENING A NEW SPIRIT OF CANADIANISM

Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

**Head Table Guests**

Anne Libby, Co-owner, Libby's of Toronto Art Gallery and a Director, The Empire Club of Canada; The Rev. Edward Jackman, Historian, Archdiocese of Toronto; Bill Corbett, Senior Partner, Fraser & Beatty; Corrine Boyer, former member of Dutch Foreign Service and the wife of our guest speaker; Jack Stoddart, Chairman & CEO, Stoddart Publishing Co. Ltd. and Publisher of Patrick Boyer's latest book *Hands on Democracy*; Bruce Sinclair, Mayor of City of Etobicoke and a Director, The Empire Club of Canada; John Thompson, President, Gornitzki, Thompson & Little; Laura Legge, LL.D, Q.C., Partner, Legge & Legge, Past President, Federation of Law Societies and former Treasurer of the Law Society of Upper Canada.

**Introduction by Dr. Jackman**

Today's luncheon marks the end of the Progressive Conservative leadership speakers' forum.

For those of you who have not been with us for previous speakers in this series, The Empire Club organized these luncheons to give the candidates an opportunity to talk at length about their visions and ideas for Canada and to interact with an articulate audience.

Today, The Empire Club of Canada is pleased to welcome back Patrick Boyer. Sometime ago when Patrick pursued his legal career with the firm of Fraser & Beatty he was also an active member of The Empire Club serving as its Secretary and as a Director. Patrick Boyer knows fully the importance of addresses presented to this Club and I am certain you will find him articulate, thoughtful and thorough. Mr. Boyer has agreed to respond to questions. Please print your questions on the cards at each table and raise your hand and your card will be collected.

Patrick is a fluently bilingual politician who has spent the past nine years in the federal political arena amassing an impressive background of achievement. Brief biographies are on each table and you are welcome to take one.

Patrick Boyer is a man of many talents. He is a learned scholar, a journalist and author. All of his nine books deal with our political process. Boyer has spent a lifetime thinking about our political processes and he shares his conclusions through his books. No one in Parliament has argued more forcefully for direct democracy by using the Referendum. The fact that the constitutional Referendum occurred at all is in large measure due to the influence of Patrick Boyer.

To paraphrase The Globe and Mail from the St. Patrick's Day 1993 edition, "He is a man with ideas on policy, who wants to be prime minister to put them into effect, rather than a man who first decides that he wants to be prime minister, then collects some ideas he thinks will help get him there."

Patrick will address our audience today about Awakening a New Spirit of Canadianism. His scholarly years of research will tug at your intellectual conscience and whet your political appetite.

## Patrick Boyer

In my campaign for the leadership of the Progressive Conservative Party, I have stressed the need for a fresh agenda for our country.

The Mulroney agenda has been dealt with, and Canadians now await to hear from those of us who would lead the country forward with clear answers and specific ideas. I have set out a coherent plan for our country's future and how to get there from here. Renewal for

Canada now involves four elements—economic renewal, democratic reform, personal security of individual Canadians and the need to awaken a new spirit of Canadianism.

What does it really mean to be a Canadian? This simple question must be thoughtfully considered, and answered, as we seek the renewal of our country.

We've been a long time developing our identity as Canadians. For centuries before Europeans and Asians and African peoples came here, and before we invented the term "multiculturalism," Canada's first peoples lived in many cultures and spoke diverse languages. As a people made up of fragments from many different cultures and countries, we know that one of our defining attributes is our diversity. Often our identity has been expressed in terms of our relationship with places beyond our borders, such as Great Britain during the days of Empire or more recently in relation to the United States. Our preoccupation with Canadian identity even gave rise to a Royal Commission on the subject in the 1950s, as Canadian an enterprise as one could ever imagine!

Keeping our country united has long been an imperative of those in government at Ottawa, and the past several decades have seen tremendous efforts to seek greater Canadian unity by means of changing our Constitution. Endless efforts and countless conferences produced a country whose people grew fatigued by proposals to rewrite an existing Constitution. Certainly this was an avenue pursued with great energy and effort by the Mulroney government, which led to both the Meech Lake Accord and the subsequent Charlottetown Accord, neither of which ultimately resulted in a single word being changed in the Constitution.

### What Canada Needs—A Cultural Re-Confederation

In fact the approach to a more unified country lies, I believe, through a different route all together. In his last public speech, at the University of Toronto, the late Northrop Frye said it succinctly: "What Canada needs is not more constitutional tinkering, but a cultural re-confederation."

A much greater emphasis on the cultural dimensions of Canadian life will awaken a justifiable pride in our country. There are many Canadian stories, and they deserve to be told. The Canadian Broadcasting Corporation has long been an instrument for binding Canadians together through the sharing of these Canadian stories, holding a mirror to the many different parts of our nation. Yet in recent years the ever-present onslaught of non-Canadian stories, in movies and television and magazines and music, particularly from the United States, have displaced the story of our Canada within.

Over the recent years we have been concentrating on becoming more competitive economically in the international marketplace, on entering into trade treaties, and on expanding our commercial activities. In the process we have neglected too much the cultural dimension of Canadian life. Better trading arrangements, greater economic competitiveness and improvements in the taxation system are vitally important, but they are not goals in themselves. They are a means to an end, ways of achieving the real objective of being a strong and free and sovereign Canadian people.

I was explaining this idea about the need for a more vibrant Canadian patriotism on Andy Barry's CFRB radio phone-in show on March 19, 1993, and a caller explained her agreement. She had worked with the Spicer Commission and had "spoken with many thousands of Canadians, none of whom had any idea of who they really are."

From my own observations over the past several years, I have concluded that many Canadians seem to think they are Americans who simply happen to be located north of the border. I am annoyed listening to speeches in the House of Commons where Canadian parliamentarians use American examples to describe Canadian situations. I am frustrated listening to Canadians who watch American television, following the U.S. presidential election and stating their preferences between Bush, Clinton and Perot, as if they were American voters rather than Canadians who ought to filter American politics through the crucial question, "What impact will this man and his policies have in relation to Canada?" I am disappointed when many Canadians routinely vacation in the United States but have not yet visited most parts of their own country. Probably the most depressing call I received from a constituent came late one evening. His irate complaint was that he could no longer get American football on the Buffalo television station that had just been bumped from the Toronto channels to make way for a second French-language channel. What really bothered me was that the constituent in question was the principal of a local school, someone in charge of the education of a whole generation of Canadian children.

### Telling Our Own Stories To Ourselves

The Government of Canada can do much to encourage the telling of our Canadian story to Canadians. It doesn't even take a lot of money to do so, although a fraction of the amount spent over the past two decades on constitutional conferencing could produce a far more unified country when spent on the cultural dimensions of our life.

First, the area of Canadian broadcasting is a good example of how bad we have become. A recent study by UNESCO ranks Canada last out of 79 countries in the amount of broadcast time devoted to its own cultural programming. The total amount of Canadian programming watched by Canadians is a meagre 4.4 per cent. The Canadian broadcasting industry, notably lacking any patriotic sentiment, busily engages in bringing popular

American TV programmes into Canadian homes. In those cases where Canada's private broadcasters produce "Canadian content" material they do so, according to Peter Herrndorf, Chairman of TV Ontario, with the motivation of resale into the U.S. market rather than making a concentrated effort to mirror Canadian society.

In cultural programming, Mr. Herrndorf told a CRTC hearing on the future of Canadian television in March 1993, Canadian producers, directors and writers are "finding it more and more difficult to find the air time and the resources to provide viewers with a Canadian perspective in these areas."

Another voice at the same CRTC hearing, that of Arnold Amber, President of the Association of Television Producers and Directors, proposed that the government should give up trying to impose Canadian content requirements and instead follow the example of the Europeans and build a true public broadcasting service, financed by public funds held by Telefilm Canada and provincial agencies and a tax levied through the cable system.

As Canadian observer Michael Valpy has noted, every study, every royal commission, every parliamentary debate on broadcasting since the 1920s has concluded that Canada's cultural and political sovereignty is tied to the existence of a broadcasting system that is predominantly Canadian. Yet the unmistakable and lamentable trend of the past decade has been the increase in the Americanization of Canadian broadcasting. When it comes to protecting Canadian sovereignty, a wise government with $5.8 billion to spend would choose Canadian broadcasting over anti-submarine helicopters.

A second way to increase the Canadian content in the lives of our citizens would be to change the way that funding is given to the arts and cultural communities in Canada. Currently, subsidies are given directly to authors and publishers, or to theatre companies, or dance troupes, or museums and galleries. A variation of a marketplace approach could provide the same money to these groups and organizations but in a way that would involve the Canadian people far more. For example, instead of a grant to a book publisher, the same amount of money could be committed to buy several thousand copies of the book. This minimum guarantee purchase would help the publisher keep the unit price down as he expands the size of the press run for the book to include the number he would normally expect to sell through the bookstores and to libraries. The copies purchased by the government could be distributed in various ways to Canadian taxpayers, who would end up having some tangible benefits from the exercise.

Similarly for theatrical companies, government funding could be used to purchase tickets for two or three weeks of a full house, and the tickets could be, once again, distributed or raffled off to taxpayers in the community. It might even be the first time that a "winner" had attended a stage play, and perhaps mark the start of a new interest in attending theatre. The same concept could apply for admission tickets to art galleries and museums.

The idea here can be refined in its various applications, I have no doubt, but the concept simply is to ensure that where public money is spent on Canadian artistic and cultural activities, inventive new approaches be used to ensure that taxpaying Canadians actually have the possibility of benefiting from the exercise. It's in everybody's interest.

A third approach would be for Canadians to visit a foreign land—Canada!

Airfares and other transportation costs are designed, it seems, to encourage Canadians to fly to Europe or the United States, rather than journey to destinations within our own country, another way we inhibit greater awareness of whom we Canadians really are.

I have always been impressed by the way Canadians who discover other parts of our country become excited about the beauty and diversity, and the qualities of the people they have met. Invariably, their experiences are a blending of surprise and pleasure—especially upon realizing that the area they visited is also a part of their very own country.

In 1992 a low-budget exchange of Canadian youth was organized, with up to 125 youngsters aged 16 to 21 from each of Canada's 295 constituencies visiting their "twins" for one week. I arranged for the voyageurs from my Etobicoke-Lakeshore constituency to visit northwest Saskatchewan, since I had worked there as a newspaper reporter myself in my early twenties. At first I was concerned to discover the lack of enthusiasm which youngsters in my riding displayed about going to northwest Saskatchewan. The prospect held modest appeal for them, at best. Yet once the exchange was over they had become fast friends with their twins in North Battleford, Loon Lake, and Debden. They have since become avid pen pals, exchanging videotapes, and have organized exchange reunions all at their own expense.

Of course it does not take organized programmes to move Canadians around inside our vast country, and individuals are free to do this themselves. Yet positive encouragement, and good examples and even non-financial incentives, can help.

A fourth element will be to create an organization for Canadian youth that would become a major vehicle for awakening in younger Canadians a sense of patriotism through service. When Hon. Benoit Bouchard on behalf of the Mulroney government cancelled the Katimavik programme several years ago, he pledged that the government "would replace it with something even better." The time to do so has arrived.

For several years I have been working on plans for the creation of a Canadian Youth Service Corps, and have advocated the concept in Parliament and elsewhere. The corps would provide one year of opportunity for young Canadians, generally following high school and before university. The Canadian Youth Service Corps could comprise several divisions or "streams" suitable for the different interests and aptitudes of the youth who enlist. One stream would be for environmental service, and activities could range from reforestation projects to clean-up and conservation efforts and projects relating to endangered species.

A second stream would be for military-type service, a kind of first-stage boot camp for younger Canadians wanting to acquire discipline and physical conditioning, as well as some basic training skills. This stream would be valuable for those hoping eventually to become members of the Reserves or Regular Forces. This stream of training would also be ideal for those wishing to pursue careers in policing, fire-fighting, or other emergency services.

A third stream would be for social service, particularly appropriate for young Canadians intending to continue their education for a career in any of the helping professions. In this stream, for instance, many of the human and social needs in our communities could be responded to by the youth, such as working with seniors, assisting people with disabilities, providing company to shut-ins.

A fourth stream would be public service, in which youth could work in various government departments, particularly those involving the need for large manpower resources in field projects.

A fifth stream could relate to service abroad, patterned on the experience of Canadian University Students Overseas (CUSO) or possibly incorporating CUSO operations within the larger Canadian Youth Service Corps programme.

The Youth Service Corps would operate on a rotational basis, so that during the year of enlistment a member would have three four-month tours of duty in different parts of Canada. Academic credit for the year of service could be granted, in arrangements worked out with Canada's educational authorities. This could echo the Antigonish Movement, which held that learning in the real world could be just as valuable as learning in the classroom.

Canada has prior experience with similar organizations, such as the Company of Young Canadians, Katimavik, and the Environmental Youth Corps of Alberta. The experience of the YMCA and YWCA organizations in Canada would also prove helpful in the formation of the Youth Corps. The Scouting and Guiding movements, as well as church youth organizations, provide some lessons and models for training in self-reliance and service to others. The military stream of the Service Corps could lean heavily on the expertise of the Canadian Armed Forces which have good working models with the Air Cadets and Sea Cadets programmes, as well as the "Summer Soldiers" project.

Canada is required to close a number of military bases due to reduction in the size of the Canadian Armed Forces; some of these existing facilities could alternately be used by the Youth Service Corps.

Another element is to consider Canada as others see us.

Consider, for example, how others see us when it comes to Canadian representation abroad. Most countries establish embassies and consulates overseas to represent the national interest in those lands with whom we have diplomatic relations. Not so in the case of Canada. We muddy the water by having provincial missions in other countries, along with the Government of Canada's representation. What is the image of "Canada" in Britain, France or the United States, for instance, when in these countries are to be found offices flying provincial flags and carrying such names as Ontario House, Quebec House, Alberta House, Nova Scotia House? Now that the budget crunch is upon us and provincial governments are driven to stop spending money they don't have, they would do well to be rid of this pretension, and fold their foreign operations into the overseas missions of the Government of Canada. It's time we presented a Canadian face to the world.

A fundamentally-defining feature of Canadian life is our relationship with the United States. It is time now to freshly re-appraise this relationship.

Over the long course of our history, the moods surrounding this relationship ebb and flow, depending in part upon the cycles of Canadian and American nationalism. We pass through eras of trade reciprocity, followed by periods of trade protection, followed by further periods of opening up markets and forging stronger commercial ties. Canadian-American relations also are influenced by overseas wars (such as Canada's resentment in the early part of World War II when America stayed out, followed by a common bond against the adversary when America joined the Alliance against the fascist Axis powers). During the Cold War, Canadians generally felt very comfortable in NATO and NORAD with the umbrella of protective defence shared with the all-powerful American military.

Now that the Cold War has ended and more independence is again possible in the foreign policy of many countries, including Canada, we find some pressures, as well as possibilities, for divergence from the U.S. Yet these are coinciding with the continental pressures for economic and cultural convergence with the Americans. So we have come to a time again in Canadian history where it is important to redefine our relationship with our southern neighbour.

The development of a heightened awareness of whom and what we are as Canadians is essential to this process. We can only define, and then defend, Canadian national interests when we have some basic consensus among ourselves as to just what those interests are.

The advantages we have already gained under the Canada-U.S. Free Trade Agreement, by having a panel which hears and resolves trade disputes between our two countries, has been tremendously important in bringing fairness into our trading relationship. Never in history has there been as much trade and commerce between two countries as is the case today between Canada and the United States. In fact there is even more trade between the province of Ontario and the state of New York than there is between the United States and Japan. Given the millions of transactions, and the extensive economic and commercial interactions, it is inevitable that some disputes arise. Although Americans perhaps think of themselves as free-market traders, they in fact have and express a strong protectionist sentiment. Many non-tariff barriers exist, and a thoughtful and determined effort by Canadians and the Government of Canada is required to overcome this.

Good will is the best basis for the relationship between our two countries, and so is the respect that will be earned when, in those cases where it is necessary, the Government of Canada speaks clearly and forthrightly in defence of Canadian interests—from such diverse matters as American activities in our Arctic waters to trade retaliation on Canadian steel exports to the U.S.

Canadians continue to be fascinated by the excitement and dynamic diversity of the United States, while being repelled by the excesses for which that country is also widely known, such as violence and widespread use of firearms. The story of Canada's evolution has always been one of an involved and complicated relationship with the United States—beginning when Britain's 13 most populous and prosperous colonies rebelled against the Crown, and in their victory created an independent republic, leaving the more northerly colonies behind as

"British" North America—the basis for present-day Canada. No doubt Canada would have evolved as a very different country—especially in our cultural sense of being and our national integrity—if we had been more isolated and developed on our own; if, for instance, the United States was simply not present as our neighbour and constant counterpoint. The evolution of Australia, a country like Canada in so many ways (a federal state, a parliamentary democracy, a constitutional monarchy, European settlement encountering an aboriginal population, a vast land mass sparsely populated) makes quite a comparison. It is also quite a contrast. Australians developed a stronger sense of identity because, unlike Canada, they had no powerful neighbouring nation in relation to which everything was constantly being measured.

Who we are as Canadians is closely intertwined with the Americans, but it need not take the form of hostile anti-Americanism or a more chauvinistic Canadian nationalism. We do not want nor need to be anti-American, but more positively, we should and must be strongly pro-Canadian.

I am referring to the fact that mostly you hear reference to "the federal government," and even more annoyingly "the feds," when in truth people are referring to the Government of Canada. For a long time we used the word "Dominion" in this connection, and everyone knew that the Dominion or Dominion Government meant our whole country. Yet such a lacklustre substitute as "federal" is just one more of the many contributing factors to our out-of-focus image of Canada.

While this point might strike some as trivial, I believe that by referring to our national government only as the Government of Canada from now on, we will gradually see a rising sense of awareness and identity, since this designation or name refers to an entity far more concrete and comprehensible.

## Beyond Multiculturalism To Canadianism

A recent telephone exchange in my constituency office: "What is Mr. Boyer's nationality?" inquired the voice on the telephone.

"He is a Canadian," replied my assistant.

"No, I mean what is his national origin?" pressed the caller, explaining that she was working on a research project on the ethnic background of Toronto area MPs.

"Well, you'd better just put down that he is Canadian," repeated my assistant, who knows my views about this sort of thing.

We will never amount to much in this country until we think of ourselves as Canadians.

Multiculturalism has been a most important stage in our development. Recognition of the truly diverse origins of the people who are now citizens of Canada has certainly broadened the awareness of what it means to be a "Canadian," and our emphasis on multiculturalism over the past decade or so has succeeded in breaking down stereotypes of who "qualifies" as a real Canadian.

Yet I believe the time has come to move forward to the next stage in our evolution as a human society, to what I would call an integrating Canadianism.

To become more aware of ourselves as Canadians, we can now let go of some concepts that were intended to help but which in fact have divided us. Emotionally and psychologically, we also ought to help one another just to relax and genuinely enjoy what and who we are as Canadians. In the absence of phoney standards, and free of being up-tight about our differences, we can discover a special sense of kinship.

"Let us celebrate our diversity" was a slogan which Johnny Lombardi developed at CHIN ratio station in Toronto to promote his multi-language broadcasts. It was a perfect theme for his popular radio. Yet Jim Flemming, a Toronto-area Liberal MP and Minister of State for

Multiculturalism, then adopted these five words for Ottawa's approach in the early 1980s.

While the phrase "celebrating diversity" was a helpful way to portray a tolerant spirit, a good radio slogan does not necessarily make good national policy. I say instead: "Let us celebrate our Canadianism."

We who are citizens of Canada share more in common than we have differences that divide us. If we would talk more about our shared strengths and common interests, there will be less separatism. When we stop emphasizing our diversity, we will stop feeding racism and resentment.

Canada as a "mosaic" is another term frequently used to describe us. This image or concept came from the work of sociologist John Porter, whose years of research about the structure of Canadian society was published in his landmark book *The Vertical Mosaic* in 1965. While this phrase, too, was helpful to portray something of the sociological make-up of Canada, a good sociologist's term does not necessarily make good national policy, either. We cannot substitute either slogans or descriptions for the passion and the idealism we should feel in being Canadians.

Too much emphasis on diversity and differences creates the basis, or the excuse, for keeping some people in a category of second-class citizens. Instead, when we promote the reality that we are all Canadians, we form the intellectual and social context for acceptance of everyone as equals.

An attitude of acceptance brings energy and life to the formal legal equality that now exists among all Canadians, and it helps to ensure that we will never obscure the rights and importance of minorities within our country. Our Charter of Rights and Freedoms now guarantees, in article 15, our legal equality. Each one of us is equal before and under the law, has the right to equal benefit of the law, and to equal protection of the law—without discrimination, including discrimination on the basis of race, national or ethnic origin, colour, religion, sex, age or mental or physical disability. This is the legal basis of integrated Canadianism. Yet the spirit of the law, as well as its letter, ultimately must triumph.

We must remain vigilant, in the words of a poem I remember from public school days, to "curb the strong and uphold the weak." This was the spirit of the recommendations in the Parliamentary Committee on Equality Rights which I chaired, and whose report to Parliament I submitted in 1985, entitled "Equality For All."

It is the essence of the work we must do in Parliament and elsewhere for and with the 3,300,000 Canadians with varying degrees of mental and physical disabilities. It is the conscience which now directs all Canadians to seek justice for Canada's First Peoples. It is the hope which will inspire all of us—including the original "Canadians"—to welcome living in a common home where linguistic and cultural differences are not feared but enjoyed.

This is the future we have as Canadians, whatever our origins, however or whenever we each came to be here. Each of us is a member of some minority group or other, and while that must continue to be respected, we have reached the point in our evolution as a society where the pendulum ought now to swing again toward fuller recognition that everyone of us is, above all, a Canadian.

Thirty years have passed since John Diefenbaker—who appointed the first woman to a Canadian cabinet and the first native Indian to the Senate, whose government was supported by the first black Canadian and the first Canadian of Chinese origin ever elected to the House of Commons, who appointed a Jew to be Governor of the Bank of Canada at a time when Canadian banking was a closed shop to Jews, who gave native Canadians the right to vote for the first time, who always fought for the underdog and gave us the Canadian Bill of Rights—urged us to accept "unhyphenated" Canadianism.

Pride in our origins ought not to take precedence over the reality that we are all now Canadians.

I have criticized the Canada census form because it goes into great detail about a person's national origin, but leaves, almost as a bureaucratic afterthought, limited space for you to be shown as "Canadian."

What value is it to the researcher who phoned my office to know about the national or ethnic background of MPs? Wouldn't it be more important to know what values MPs stand for, what programmes they're advocating and supporting and what success they've had in trying to accomplish their goals?

Canadian soldiers in the past developed a spirit of camaraderie, and a sense of shared purpose—regardless of where in our country they came from, regardless of their national background. They all wore, and saw on one another, the shoulder patch which simply read "CANADA."

Let's start taking pride in all we have accomplished together in the past, and let's show enthusiasm for the great things we hope to do together in the future.

The best way for us to live up to the challenge and the promise of this vast country of ours, and the most positive way to start thinking and working together, is for each of us to say: "I am a Canadian."

The appreciation of the meeting was expressed by Mayor Bruce Sinclair, City of Etobicoke and a Director, The Empire Club of Canada.

June 23, 1993

A joint meeting of The Empire Club of Canada and The Royal Commonwealth Society

## General John de Chastelain

Canadian Ambassador to the U.S.

# CANADA-U.S. RELATIONS IN THE NEW ERA; A DIPLOMAT'S VIEW

Chairman: **Robert L. Brooks**
Immediate Past President, The Empire Club of Canada

**Head Table Guests**

Willis Blair, Secretary, The Empire Club of Canada and the Treasurer of the Loyal Societies Dinner in honour of the Vimy Award; Catherine Charlton, M.A., 1st woman President, The Empire Club of Canada and a member of Council, The Royal Commonwealth Society; Colonel John McKenna, C.D., Vice-President for Canada of the Interallied Confederation of Reserve Officers of NATO; The Rev. William Middleton, Minister, Armour Heights Presbyterian Church; Isabel Bassett, President, The Canadian Club of Toronto; Maj.-Gen. Reginald Lewis, C.M.M., C.M., O.St.J., C.D., President of the Toronto Economic Development Corporation, Chairman of The Empire Club Foundation, and a Past President, The Empire Club of Canada and of the Toronto branch of The Royal Commonwealth Society; Michael Durkee, Consul General of the United States of America in Toronto; The Hon. Charles Dubin, Chief Justice of the Supreme Court of Ontario; Ronald Goodall, F.C.A., Chairman of the Toronto branch of The Royal Commonwealth Society and a Past President, The Empire Club of Canada; Russell Lovekin, Editor, The Royal Commonwealth Society's newsletter in Toronto, the Honorary Counsel of the Junior

Board of Trade and a member of The Empire Club of Canada; Doreen Ruso, Director, Trade Development, Canadian Manufacturers Association; David Rubin, C.St.J., Q.C., Gowling, Strathy & Henderson, a Past President of the Jewish Vocational Service, of the Canadian Intelligence Security Association, the Vice-President of the Venerable Order of St. John, Ontario, and a member of The Empire Club of Canada; Tayce Wakefield, Vice-President, Government and Business Relations, Ontario Chamber of Commerce, and Director, Public Relations, General Motors of Canada Ltd.; Sir Arthur Chetwynd, Chairman of the National Council of The Royal Commonwealth Society in Canada and a Past President, The Empire Club of Canada; Dr. Tom Dickson, F.R.C.S.(C), President, The Ontario Medical Association; Maj.-Gen. Bruce Legge, Q.C., Past President, The Empire Club of Canada, the Empire Club Foundation and of the National Council of The Royal Commonwealth Society; Gerry Meinzer, President, the Board of Trade of Metropolitan Toronto.

## Introduction by Ron Goodall, Chairman, The Toronto branch of The Royal Commonwealth Society; and a Past President, The Empire Club of Canada

Mr. Chairman, Ambassador, Your Honour, head table guests, ladies and gentlemen:

This luncheon marks the eleventh time that our two somewhat interrelated organizations have celebrated Canada Day. At these luncheons we have heard Sir John A. Macdonald, former prime minister Joe Clark, William McCormack, our Chief of Police, broadcasters Knowlton Nash and Peter Mansbridge. We have listened to music recitals and we have seen the slide presentation on all of Toronto. This year our speaker fits into the pattern. The soldier, the sometime Scot, the diplomat and, through his love of bagpipes, the musician. In fact with these attributes, we have three speakers for the price of one.

As my wife Grace tells me, the age of chivalry is dead. We like to think that the age of great wars is past. We like to think that we now live in an age of reason and diplomacy. Given the fact that our neighbour to the south is 10 times our size, one wonders if diplomacy and ambassadors are indeed a Canadian necessity.

Canada and the United States share a common heritage, language, border and customs. Our relations appear to be cordial. The task of the ambassador would appear simple, but as President Coolidge observed, the business of America is business. And for that reason our relations are sometimes not cordial. The task of the ambassador becomes difficult because frictions have to be resolved. Sir Henry Wooten in the 1500s defined the requirements of the post of ambassador. An ambassador is an honest man said to lie abroad for the good of his country.

General John de Chastelain was born in Romania, and schooled in Scotland, England and Canada. He has served in the armed services throughout Canada and has commanded United Nations peace-keeping forces in Cyprus, Canadian forces in Germany and in Canada. He was the Commandant of the Royal Military College in Kingston. He was promoted to General in 1989 and appointed Chief of Defence Staff. General de Chastelain was the 1992 winner of the Vimy Award and became well known to the general public during the Oka Crisis and the Persian Gulf War. General de Chastelain was appointed Canadian ambassador to the United States early this year.

Please welcome General John de Chastelain who will address us on Canadian-American Relations.

## John de Chastelain

Thank you for the invitation and let me say what a pleasure it is to return to Toronto for this occasion. Before I left Washington I looked at the speeches given over the past few years to this annual session of The Empire Club and the Royal Commonwealth Society. Four years ago John Bassett's subject was We Cannot Ignore the Past when Charting a Course for the Future; as someone who read history at university I can't argue with that. Three years ago Peter Mansbridge spoke about The Journalist as a Celebrity, and while I've had many public discussions with Peter, I'm neither a journalist nor a celebrity. Two years ago Ed Mirvish told *How I Became an Overnight Success in 75 years*, but I can't claim to have achieved anything over a period of 75 years—56 perhaps—and I'm not sure yet about success.

All of which is to say that in seeking a topic for today's address, I couldn't draw inspiration from the past. But I did note that on November 30, 3 1/2 years ago, Derek Burney talked to you about The View from Washington. Since what I do a great deal of nowadays is to view Washington, or at least Capitol Hill, from the semi-oval office which I inherited from Derek, perhaps I too should talk about a view of, or from, Washington. I'm too out-of-date to talk about military issues, and I don't think you've the stomach for a treatise on The Care and Use of the Great Highland Bagpipes.

What Derek Burney talked about in 1989 was his experience as ambassador to the U.S. when Prime Minister Mulroney and President Bush dominated the scene, an era that will end the day after tomorrow when the Prime Minister steps down. What the new era in our relations will bring is not yet clear, but today I intend to talk about the importance of the relationship itself. That said, it's tempting to take a leaf out of Ed Mirvish's book and talk about How I Became an Overnight Diplomat after 37 years Soldiering." In fact that's where I'll start.

Before I do I'll make clear what my messages are. There are five. The first is that good relations between our two countries are vital for us both. We Canadians couldn't get by without the Americans and their markets, and they rely on us far more than many of them—except perhaps those in government and those in the bordering states—realize.

The second is that the existence of good relations between the leaders of both countries is not absolutely vital, but it does make things a lot easier between us and it certainly makes life easier for those that have to manage the relationship. In the Mulroney-Reagan-Bush era, relations were excellent, as they've started out to be at the beginning of this new American administration; I predict they'll continue to be so in the Clinton era.

Third, the relationship should never be taken for granted. But while we'll always be friends, that doesn't mean we'll always agree on everything. We are indeed different in many ways, but not as different as some of us would like to think.

Fourth, despite all the things that many Canadians—and some Americans—would like to blame on the Free

Trade Agreement, that Agreement has been very good for both our countries. During this most recent wrenching recession, our increased trade under the FTA has kept our economy stable.

Fifth, we'll continue to have disputes. Nothing is absolute; special interests on either side can always get in the way of comprehension. But if we can understand and accept that fact, it'll assist us minimize the number of disputes we do have, and it'll keep the relationship fresh and alive.

Now, back to where I was. On January 5, the Deputy Minister and I were giving the new Defence Minister, Kim Campbell, her first formal briefing on the department and on the Canadian Forces, when I was called out to take a call from the Prime Minister. He came on the phone and told me he wanted me to go to Washington. It seemed like a routine request and I said, "Certainly, Prime Minister, who'd you like me to see there?" He told me I'd misunderstood and that he wanted me to go to Washington as ambassador. From my silence—stunned, you might say—it was clear to him that I had indeed misunderstood. But he repeated the offer and said he'd phone back that evening to see if I'd accept.

When he called back I resisted the temptation to say "Prime Minister, do you really know what you're doing?" A statement like that to a prime minister from a public servant is not wise—not even from the Chief of the Defence Staff—and certainly not to a prime minister who'd led his party for 10 years and who'd won two majority elections back to back.

After a brief conversation, he described how important it was that we maintain good relations between our two countries, and added that he felt I could be helpful in doing so. The bottom line was that he wanted me in Washington. One thing about 37 years of soldiering is that you do learn how to read an organization chart and how to take orders. I went to D.C.

I wasn't unhappy to do so. It was a great honour to be asked, and I've a great respect for Americans and for the United States. That aside, I was equally aware of the hard-edged reality that millions of Canadian jobs depend on our bilateral relationship, and I realized how right the Prime Minister was to emphasize the need to nurture it.

Maintaining the relationship hasn't been difficult over the past decade, given the co-operation between Prime Minister Mulroney and Presidents Reagan and Bush, and with their joint achievements in each of the areas of foreign and defence policy, of trade and economic policy, and of environmental policy. The successful completion of the Cold War and the Gulf War, the implementation of the Free Trade Agreement, and the passage of the Clean Air Act to deal with acid rain, each demonstrated what can be achieved when a pact built on understanding and mutual respect is established and carefully nurtured.

But now we're beginning a new era in the bilateral relationship. The Prime Minister, helpfully, chose the date of my appointment to Washington to be the day before President Clinton's inauguration. So I was in at the beginning of the American half of the new era; a month later the Prime Minister announced he'd step down in June, presenting me with the prospect of the Canadian half.

A state of close relations between the two leaders opens all kinds of doors for those of us who are representatives in each other's countries. When senior officials know that their bosses talk to each other frequently, and value each other's opinions, it makes them much more open in their dealings with the rest of us. On that note, I'd observe that a week ago yesterday, President Clinton told me he's looking forward to meeting Prime Minister Campbell in Tokyo two weeks from now.

But the bi-national relationship is such, I believe, that notwithstanding how the leaders get on with each other, there'll always be common ground for mutual friendship and respect between our nations. I don't say this from any misty-eyed, rose-coloured glasses' perspective. On CNN's *Newsmaker Sunday* programme, which I did recently with Senate Majority Leader George Mitchell, and in which we discussed the situation in Bosnia and the proposal to lift the arms embargo on the Muslims, he noted that: "Canada is as good a friend as the United States has in the world: two neighbouring countries couldn't get on better... " But as he went on to say, friendship doesn't mean that we have to agree all the time.

Everything I've experienced so far in Washington—from access to congressmen and cabinet members (even when these are busy with legislation or policy implementation), to the time given me by senior officials and representatives from influential think-tanks—has convinced me that the seeds of our close relationship are deeply imbedded in the minds of those who direct American affairs of state.

It's not by accident that this is so. Our relationship rests on an extraordinary network of long-standing vital interests. We're each other's best customers, best allies, and best friends, as the range of our trade, security co-operation and bilateral relations attest. These interests are enduring, and they're too important to leave unattended or to our faith in something as vague as goodwill. As George Shultz often remarked, managing the relationship with Canada resembles looking after a garden: careful attention is required so that weeds are not allowed to spring up to choke those plants which are productive and good.

Nor is it by accident, but rather a reflection of our common heritage and values, that both our countries are at present following similar tracks in our strategic policies. In foreign affairs we seek an end to nuclear-weapons proliferation, and we're engaged together in attempting to restore peace and democracy in areas as diverse as Haiti, Somalia, Bosnia and Cambodia. In economic affairs we seek to assist the former Soviet Union reform and rebuild its economy, as we simultaneously attempt to deal with serious deficits in our own budgets. Similarly we seek to increase our trade on the world scene through the completion of the Uruguay round, while at the same time we attempt to improve our hemispheric trade through the completion of the North American Free Trade Agreement. On the environment we are working to improve standards in our own two countries, while we encourage others to work towards a realization of the recommendations of the Rio Earth Summit.

But while we both have similar goals, the way we address them, and the success we are having in dealing with them, are not necessarily the same. At this point I should say something about how the American half of the new Canadian/American era has started, and try to draw lessons as to how it may continue for us both.

President Clinton came to office on a promise to fix the economy, and he's stayed close to that agenda despite a plethora of foreign and domestic distractions.

His February state-of-the-union address was a compelling description of the steps needed to address the deficit, to handle the national debt, to put Americans back to work, and to institute a health-care system that both improves on the present one and includes the 35 million citizens not covered by it now.

On economic policy, he proposed a three-prong plan to stimulate employment through the modest injection of funds for special projects, to improve productivity through investment tax credits, through training and through improved funding for research and development, and to cut the deficit through reduced public spending and an increase in taxes including a tax on energy.

The administration's hope to be spared foreign affairs distractions while focussing attention on domestic issues, was confounded by a series of events. The breakdown of the Middle East peace talks had to be addressed by the despatch of Warren Christopher to the region; the need to provide support to President Yeltsin before the April 25 Referendum sent the President to Vancouver to attend his first summit; and the ongoing conflicts in Bosnia and Somalia, and the continued denial of democracy in Haiti, all worked to draw the administration's—and the American people's—attention away from domestic issues.

In spite of these distractions, and in spite of a flurry of sideline issues dealing with appointments to key positions, gays in the military, and so on, and in spite of a setback on the stimulus package with its defeat in the Senate, the administration has managed to keep the economic programme on track. The narrow victory in the House last month on the budget itself, and the growing moves to overcome reluctance in the Senate to deal with some of its more unpopular measures, including the Energy Tax, give some indication that the package will indeed be passed on schedule before the Congress breaks for the summer.

It's important for Americans, and for us, that happens. Until it does, the administration won't put its attention towards getting the NAFTA before Congress, and won't do the work required to get the necessary legislation through the House and Senate. It's helpful that the health package, initially intended to be brought forward for consideration before the summer break, has been put off until the early fall.

It's worth saying more about the NAFTA given the Agreement's importance to both our countries. It's important for us, because trade's the biggest engine of our economy and the NAFTA will expand our exports to 86 million more people. It's important for the Americans for the same reason, but also for their future relations with Mexico and Latin America. But there are obstacles facing NAFTA's ratification in time for January 1, 1994.

Ross Perot in the United States, and a number of interest groups in Canada, have grabbed the headlines in recent weeks criticizing the NAFTA. Perot has alluded to the “sucking sound” of jobs disappearing south and Canadian critics do likewise. The Canadian critics carefully choose to ignore the fact that 80 per cent of our trade with Mexico has been tariff-free for some time, and that if jobs were going to rush south, they’d have done so long ago. While he was in Washington recently, Prime Minister Mulroney pointed out that with annual personal income at $365 a year in Haiti, if the determining factor in manufacturing were the wage-scale alone, Port-Au-Prince would be the manufacturing capital of North America.

Canadian critics of our current Free Trade Agreement complain that it’s cost us jobs, and there’s no question that we’ve lost jobs during the past four years of the recession. But whether these were jobs we’d lose anyway in a prolonged recession, is another matter. It’s a fact that our merchandise and non-merchandise trade with the Americans, and theirs with us, has improved enormously since the FTA came into effect. In 1992 Canada-U.S. merchandise trade totalled $227 billion, with some $60 billion in non-merchandise trade. In 1992 our export of goods to the U.S. reached an historic high of $122.3 billion, and over the first four months of this year they’re running at a similar high rate.

I’ve gone into this detail on trade, because trade’s at the heart of our relationship. Misunderstanding of how our trade agreement plays out can lead to very real harm to that relationship and for all the wrong reasons. Critics in both countries are vocal about how each side is disadvantaged by the FTA, and how the situation will presumably be worse under the NAFTA. But those areas of the FTA that are in dispute are only some three to four per cent of the overall trade relationship, and while that looms large for those who are caught up in the three to four per cent, it’s not a large part of the total.

Today, as I speak, some areas of trade are under public dispute, several of them affecting you here in Ontario. Beer, steel and sugar are all in various stages of examination, and it may well be that what's decided in each case won't be to our liking. That doesn't mean we're doing nothing about the issues, and many of us, including Premier Bob Rae who spent some time in Washington last week speaking to Cabinet Ministers and Congressmen about each of them, are doing all we can to reach favourable agreements. But we shouldn't over-react to individual cases and claim that because of them the whole trading relationship's unsound. We do have a dispute settlement mechanism within the FTA that can be brought into play when needed, and on a number of occasions it's supported the position we've taken on a trade issue. Within the NAFTA that mechanism will be enhanced.

One last word on trade and on this administration's handling of the issue. From what I've seen to date, and from my dealings with trade officials in Washington, I'd say that we'll have to work hard to make our case and demonstrate the rightness of our cause. While the President and the United States trade representative, Mickey Kantor, have declared their support for free trade I sense that in those areas where there's any question that we're right, we'll be robustly challenged. That said, the President told me two weeks ago that NAFTA remained very high on his list of urgent priorities to be addressed once the budget's approved. Before NAFTA even gets to Congress the side-agreements have to be agreed by each of the countries. Our sense is that if they're successfully negotiated over the summer, then the administration will send its implementing legislation forward early in the fall, with the President himself putting the full weight of his office behind it. But getting the side-deals approved by all three players is the key, and side-deals involving trade sanctions that infringe on our sovereignty and inhibit trade flows, are non-starters for Canada. As Trade Minister Wilson said in Chicago last week: "Canada is fundamentally opposed to this use of trade sanctions. We believe that other, effective compliance tools are available, and we do not want to erect new trade barriers after having torn them down in the NAFTA."

On foreign and defence policy issues the Clinton administration has declared its adherence to a policy of multilateralism in its approach to international problem-solving. Its willingness to set aside its proposal for a "lift and strike" policy in Bosnia is one example; its evident willingness to consider the involvement of American troops in multilateral peacekeeping operations is another. Likewise on environmental issues, the Clinton administration has shown the same willingness to co-operate in addressing areas of mutual concern. The history of our bilateral environmental discussions shows Canada for the most part in the driver's seat, encouraging the United States to join us in addressing issues such as acid rain. Now, there are a number of issues in Canada that the Americans are watching closely, and we're already having to answer questions on some of them. Recently I've had two separate discussions with Vice-President Gore on activities that cause the Americans some concern, and we must be prepared to apply to these concerns the same attention that we've formerly demanded they apply to ours.

What can I say in conclusion about this relationship that means so much to us? There's much to be admired on each side of our border. We envy the Americans the confidence they have in their identity, the security that comes from an economy that can survive—at a pinch—on its own, and the breadth and the richness of their cultural wealth. They envy us our wealth of resources, our gentler and safer way of life, and the fact that we don't have to bear the burdens of the world on our shoulders.

We are indeed cousins in more than just kinship, but our similarity can be deceiving. I think most often we tend to look at Americans through a clear glass and recognize what differences do exist—as well as those that don't. For their part, when Americans look at us, I think many sometimes do so through a glass that's mirrored, and what they see is a reflection of themselves, one that masks our differences. I've pointed this out to some, and they've recoiled, thinking I meant it as criticism, whereas, in a rueful sense, I meant it as a compliment. But it's a two-edged compliment, because unless we're recognized as a different country, some of the measures meant to protect Americans from others, side-swipe us on the way by.

The world has changed in many ways in the last few years; some changes are good and some are less so. But what does seem clear is that our needs, and those of our American friends and neighbours, each stand to gain by a relationship that's managed so as to further the interests of both. The relationship is good now, but from my privileged experience of five months as your man in Washington, I recognize the effort that will be needed to keep it that way. That said, I've every reason to believe that both Americans and Canadians will make the effort.

The appreciation of the meeting was expressed by Major-General Bruce Legge, Q.C., Past President, The Empire Club of Canada, The Empire Club Foundation, The National Council of The Royal Commonwealth Society and Chairman, Metro International Caravan which is celebrating its 25th birthday this week.

Mr. Chairman, Mr. President, My Lord The Chief Justice, Consul-General, distinguished guests and members of The Royal Commonwealth Society and The Empire Club of Canada:

You've heard a remarkably fine wide-ranging and learned speech. I'd like to respond to it not in those terms but, by saying that when Mr. Meinzer was introduced as a head table guest, he was put before you as President of the Board of Trade, in Kissinger terms, of being a shuttle diplomatist. Well when Kissinger was at Harvard, it was said of him that he was paranoidal. After he started shuttle diplomacy, he was invited back to Harvard to be a guest lecturer and he started off by saying, "When I was here I was alleged to be paranoidal but since I started shuttle diplomacy my paranoia has been completely cured because I now have real enemies everywhere." Ambassador de Chastelain I can assure you that you have no real enemies in this forum.

Now as to your cultural activities I have to report to this Loyalist audience that when Her Majesty the Queen visited Calgary in 1990 Ambassador de Chastelain, then as General de Chastelain, the Chief of Defence Staff of Canada was in the band of the highland regiment, the Calgary Highlanders, playing the bagpipes. Now Her Majesty undoubtedly noticed that and in my favourite list of oxymorons is Scottish music.

As to the likes and dislikes and differences between Canadians and Americans, I think that as a distinguished Canadian by choice that I would have to refer to the cultural differences between Canada and the United States somewhat in the terms of your predecessor Derek Burney. He said that Canadians are very fond of their culture and will defend it to the last subsidy, while American's culture is based on protecting the sugar market.

I do think that there are differences between Canadian culture, Canadian politics, Canadian administration of law, Canadian policing, the Canadian armed forces and their American counterparts. But I agree entirely with the learned ambassador that there is no greater friend of Canada than the United States and I would further urge that there is no greater friend of the United States than Canada. We're indebted to you ambassador for bringing this splendid talk to our combined clubs on the Canada Day luncheon. Thank you very much.

*Left to right: Ron Goodall, F.C.A. Partner, Goodall & Peacock, Chairman of the Royal Commonwealth Society of Canada (Toronto Branch) and a Past President of The Empire Club of Canada; the Canadian Ambassador to the United States, Gen. A.J.G.D. De Chastelain, C.M.M., O.C., C.D.; Robert L. Brooks, Executive Vice-President, Investment Banking, Bank of Nova Scotia, and Immediate Past President of The Empire Club of Canada.*

September 16, 1993

## His Excellency Jean-Daniel Tordjman

French Ambassador-At-Large; Special Representative for International Investment

# INVESTMENT OPPORTUNITIES IN FRANCE

Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

**Head Table Guests**

Leland Ausman, former Canadian Foreign Service Officer and an Honorary Director, The Empire Club of Canada; David Common, grade 13 student, Jarvis Collegiate Institute; Alain Nourrissier, Head, Economics and Commercial Department, French Embassy, Ottawa; Helen Vari, President, George and Helen Vari Foundation; Fred Kossein, General Manager, Bramalea Office, Canadian Liquid Air Ltd., and a member of the Board, French Chamber of Commerce in Canada; Yves Doutriaux, Consul General of France; Thomas Wells, former Ontario Agent General to the United Kingdom and a Director, The Empire Club of Canada; Father Pierre-Jean Courtot, Pastor, Eglise Sacre-Coeur; Helen Roman-Barber, Chairman and CEO, Roman Corporation Limited; Michel Finance, President, French Chamber of Commerce in Canada and Vice-President of Finance, Connaught Laboratories Limited.

**Introduction by Dr. Jackman**

Ladies and gentlemen, today's address by Ambassador Tordjman marks the first of our fall speeches. To make this possible, the French Chamber of Commerce in Canada has done much and we appreciate these contributions.

Your being first, Mr. Ambassador, and from France is reminiscent of another Frenchman known to all young students in Canada. Three hundred and ninety years ago, Samuel de Champlain paddled our lakes and rivers in search of trade and investment opportunities. One might even say, with some stretch of the imagination, that he even laid the seeds for the future French Chamber of Commerce. The opportunities he saw helped create the conditions of your being here today.

Ladies and gentlemen, our guest speaker has had a distinguished diplomatic career. Twice posted to the U.S., he most recently served in Washington as Minister for Economic and Commercial Affairs (1985–1992).

He has served the French Government as Deputy Secretary of Commerce, Small Business and Tourism. Furthermore, at the Ministry for Foreign Trade he was in charge of the European Economic Commission and Japanese trade relations.

In the old days, Champlain brought the good word about Canada back to France. Well, today the investment climate in France has changed for the better. The return on investment in France is among the highest in the world. You, Mr. Ambassador, are about to bring the good word back to Canada. You will tell us about a friendly new climate for business in France.

One more note on Champlain, he too came to Toronto. "Toronto" is not an English or a French word. It is an old Huron Indian word meaning "meeting place." Well, we are pleased to meet you here and we look forward to hearing why Tordjman's France is a better place to invest than Champlain's Canada.

## Jean-Daniel Tordjman

It is a great pleasure to be in Toronto, and I am most honoured to be the guest of The Empire Club of Canada and of the French Chamber of Commerce. I am here to speak about France—what is going on in Europe, what are the prospects for the investor in industry and finance, how we see the outcome of the economic situation and what we can expect in the development of partnerships between firms of our two countries.

**What is the outlook for International Direct Investment (IDI)?**

There was considerable growth of International Direct Investment (IDI) in the 1980s. It surged in the latter half of the decade, largely as a result of the international expansion policies of Japanese and European companies. The world stock of IDI rose from $678 billion in 1985 to $1.6 trillion in 1991.

International Direct Investment by companies from the five leading industrialized countries—the United States, Japan, Germany, France and the United Kingdom accounts for most of this. The United States was the main beneficiary of IDI capital flows during most of the decade. However, the rate of foreign direct investment in the United States declined in 1990 and 1991.

The early nineties witnessed a marked overall decrease in cross-border investments. The decline reflected the impact that the recession in the Anglo-Saxon countries, the slowdown of economic activity in Japan and the weaker earnings performance of multinational corporations had on international investment strategies. Nonetheless, it is expected that the pace of international investment will increase significantly during the rest of the decade. IDI expansion will also be favoured by the progressive removal of barriers, especially in the service industries, and by the creation of large regional economic markets.

Europe and Asia are likely to be the main beneficiaries of these new investment flows. This trend was already manifest in the latter part of the eighties as investors sought to place themselves in the European market. The EC countries hosted 38 per cent of the world inward investment in 1991.

In 1991, IDI grew at a faster rate in France than in any other G-5 country according to a recent study of the U.S. Department of Commerce. In 1992, France was the first host country of international direct investment, on a par with the United Kingdom.

**What is the present trend for Foreign Direct Investment (FDI) in France?**

France has proven to be particularly accessible to foreign investors. In fact, France has become one of Europe's most attractive areas for FDI. Hence the rapid growth of FDI in France, notably in the manufacturing and financial services sectors. The OECD ranked France third—behind the United States and the United Kingdom—among the leading industrial countries for transnational investment from 1981 to 1989. French FDI inflows tripled since 1987.

The mid-eighties were characterized by the internationalization of French companies which began investing massively abroad, primarily in the United States. From 1985 to 1991, French companies invested $100 billion abroad whereas foreign companies made $50 billion of direct investments in France during the same time frame.

Foreign investment in France reached record levels in 1992. Foreign direct investment (FDI) totalled French Francs 86.4 billion, up 38 per cent from the previous record 1991 inflows (FF 62.5 billion). Last year's performance puts France at the top of the league of FDI host countries. France was the first host country for international direct investment in 1992, on a par with the United Kingdom.

Based on provisional 1992 data, it appears that European Community countries remained the main source of foreign investment in France as well as the main hosts of French FDI outflows. It should be noted however that the hierarchy of investor nations changed: Due to two important transactions, Italy tripled its 1991 results and became the principal foreign investor in France in

1992. Inflows from the United States increased substantially, from FF 5.6 billion in 1991 to FF 14.5 billion in 1992.

**What characterizes foreign investment in France?**

The United States is the main foreign investor in France, followed by Germany and the United Kingdom. Taken together, European investors control the largest share of foreign-owned assets, followed by the United States. Japanese investment has grown steadily over the past years.

Foreign presence is particularly strong in the manufacturing sector, notably in the food, processing, electronics and chemical sectors. Foreign-owned corporations accounted for 29 per cent of France's industrial production in 1991 and employed 24 per cent of its industrial work force. These corporations also account for 32 per cent of French industrial exports and 27 per cent of investment in the manufacturing sector. Foreign-owned corporations are typically middle-sized companies with 200 to 1,000 employees. These mid-sized companies account for over 40 per cent of manufacturing jobs created by foreign-owned corporations.

These attractive features have led more than 4,000 foreign manufacturers to establish themselves in France. There are over 8,000 foreign-owned companies in the greater Paris area; 417 foreign-owned companies have research and development facilities in France. Most of the world's best known companies are present in the French market.

Major U.S. investors include General Motors, IBM, Procter & Gamble, Kodak, General Foods, NCR and Hewlett Packard, to name but a few. Among others, European investors include Bayer and Bertelsmann from Germany, Guinness and General Electric from the U.K., Volvo and Scanis from Sweden, Ciba-Geigy and Nestle from Switzerland and Unilever from the Netherlands. Japanese Investors include Sony, Canon, Sumifomo, Yamaha, Toshiba, Hitachi, Akai and Mitsubishi. The South Korean group Deawoo has also established itself in France.

### What advantages does France offer to foreign investors?

France, the world's fourth-largest economy, has a great deal to offer international investors.

As the British magazine Euromoney noted in its special September issue, these features make France "one of the most attractive countries in Europe for international investment." According to their study which used a number of criteria including costs, market conditions, and the overall business environment, France is a more attractive host country for international investment than Germany, the United Kingdom or Switzerland. France was ranked first for the quality of its infrastructure, second for its overall economic environment, and second as far as financial and political risk is concerned.

In the course of the past eight years, taxes on corporate profits have declined from 50 per cent to 33 per cent, one of the lowest rates in the European Community.

Investors can rely upon a productive labour force, a stable and healthy social climate and low labour costs. French labour costs are significantly lower than those of Germany, for example, French productivity is the second-highest in the world, after the United States. The number of hours lost to labour disputes in 1990 was the lowest since 1946.

Investors can also count upon France's remarkable choice of sites, world-class transport and telecommunications, reliable and low-cost energy, dynamic and innovative financial markets, a modern and diversified industrial base and world-class research and development facilities.

France is the world's fourth-largest exporter, the fourth-largest importer, the second exporter of agricultural products, the second exporter of services, and the first host country for foreign visitors. Sixty million tourists visited France in 1992.

**What is the Strategy of the Invest in France Mission?**

The Invest in France Mission has a broad mandate which involves analysis, estimates and proposals, interagency co-ordination and canvassing of international markets. The Mission's main areas of action are the following:

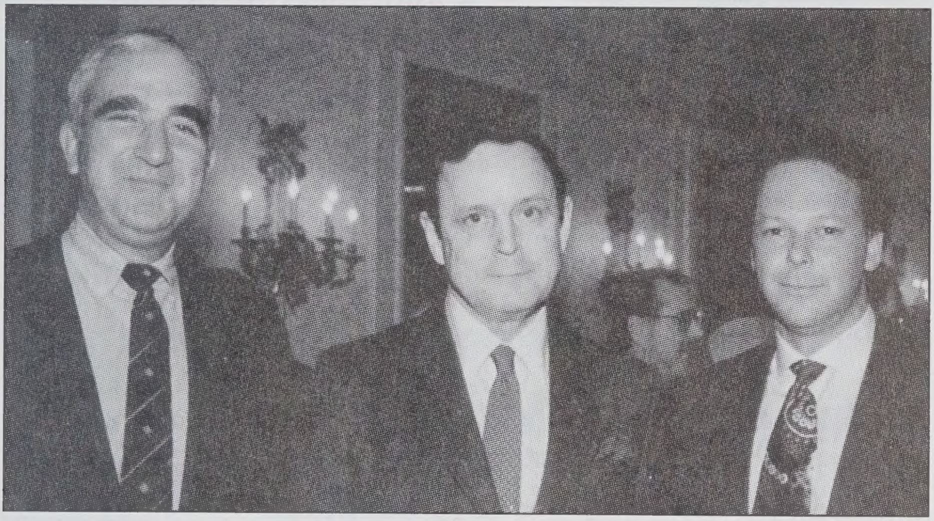
- The Invest in France Mission canvasses international decision-makers and investors in North America, Western Europe, Asia and the Middle East.
- The Invest in France Mission provides investors with a central interlocutor for projects requiring interdepartmental co-ordination.
- The Invest in France Mission provides assistance to foreign investors already present in the French market.
- The Invest in France Mission improves the regulatory environment for international investors. The interdepartmental character of the Mission makes it possible to provide concrete assistance in the regulatory and tax domain.
- Communications and public relations. The Invest in France Mission promotes the image of the strength of French economic life worldwide.

Let me conclude by telling you that we welcome Canadian investments in France, such as McCain, Bombardier, Northern Telecom but we also welcome the development of strategic alliances by French and Canadian firms, Alsthom with Bombardier, Aerospatiale with Bombardier, EDF with Norsd Hydro and many others.

We want to do business with you, we want to do more with Canadians and I hope we will work a lot together.

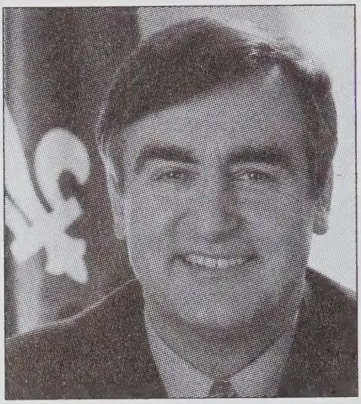
Thank you very much.

The appreciation of the meeting was expressed by Michel Finance, President, French Chamber of Commerce in Canada and Vice-President of Finance, Connaught Laboratories Limited.



*Club Directors Capt. (N) Robert N. Baugniet (left) and Gareth Seltzer (right) with guest speaker Gen. John De Chastelain, Canadian Ambassador to the United States.*

*Left to right: Guest speaker, the French Ambassador-at-Large, His Excellency Jean-Daniel Tordjmann; John Bankes, President, Nova Bancorp Group and a Past President of The Empire Club of Canada; the French Consul General to Toronto, Yves Doutriaux.*



September 20, 1993

A joint meeting of The Empire Club of Canada and The Canadian Club of Toronto

# Lucien Bouchard

Chief of the Bloc Québécois

## THE SOVEREIGNTY OPTION

Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

### Head Table Guests

Julie Hannaford, Partner, Borden & Elliot and a Director, The Empire Club of Canada; Evelyn Abitbol, Press Attaché to Mr. Bouchard, Bloc Québécois; Herbert I. Phillipps Jr., Vice-President, Trust and Securities Services, Royal Bank of Canada and President-Elect, The Canadian Club of Toronto; Jeffrey Caton, grade 13 student, Lawrence Park Collegiate Institute; Audrey Best-Bouchard; Claudette Mackay-Lassonde, Vice-President, Corporate Affairs, Xerox Canada Ltd. and a Director, The Canadian Club of Toronto; Georges Mathews, Special Adviser to Mr. Bouchard, Bloc Québécois; The Reverend G. Malcolm Sinclair.

### Introduction by Dr. Jackman

Ladies and gentlemen, 3 1/2 short years ago, Lucien Bouchard stood at this very microphone and addressed The Empire Club about the importance of the country endorsing the Meech Lake Accord. As we all know "Meech" failed and as a result many Quebeckers continued to feel excluded from the fabric of Canada. That speech, now history, is contained in the Empire Club Yearbook (page 208). That speech was in February, 1990. Lucien Bouchard spoke then as the Honourable Minister of the Environment. A brief three months later he resigned from Prime Minister Brian Mulroney's cabinet and became part of the Bloc Québécois.

Yet, earlier in his life, he had been an ally of Brian Mulroney. They had worked together on the Quebec Cliché Commission Inquiry on the construction industry where Mr. Bouchard acted as Chief Counsel. Then in 1985, the Prime Minister appointed Mr. Bouchard as our ambassador to France where he served with distinction. In 1988, he was recalled to become Canada's Secretary of State. A by-election was created in June of that year, which he won in the riding of his birthplace, Lac-Saint-Jean. Immediately afterwards, the general election was called for November 21 in which he received over 23,000 votes, almost double what his Liberal and NDP opposition received together.

Active on many government boards and commissions, he is no stranger to the problems of federal-provincial relations as he served on that very Commission.

Today, some pollsters predict that the Bloc Québécois could hold the balance of power after the October 25 vote. Some say that the Bloc could win 60 of the 75 seats in Quebec. That would be about 80 per cent of the members from Quebec and that could represent the balance of power by virtue of being the third-largest party in Canada.

Today, Mr. Bouchard will talk about Canada and Quebec, about unity and sovereignty, about today and tomorrow. The question many Canadians have asked is whether the Bloc would use its power to negotiate sovereignty or to negotiate acceptable terms for Quebec to remain in a sovereign Canada?

Mr. Bouchard will take questions at the end of his address.

Ladies and Gentlemen would you please welcome Mr. Lucien Bouchard.

## Lucien Bouchard

Ladies and gentlemen, let me begin by saying how much I appreciate this opportunity to speak to you here today. I am very grateful for this most gracious invitation.

Obviously, I have not come here to win your support for the coming elections. Nor am I naive enough to believe that I will be able to convince you of the merits of the sovereignty option. But I am here because I strongly believe in the possibility of a dialogue. In my view, this is imperative when one considers the events which are more than likely to unfold in the coming months and years. Because if I'm right, a majority of my fellow citizens will soon choose sovereignty as the best possible option. Since any true dialogue can only be based upon respect and honesty, I think it is important that I take this occasion to try and explain to you the role and "raison d'être" of the Bloc Québécois at this particular time of history.

But in order to do this, we must also consider that while we are still debating our future, momentous changes are taking place all around us. As the face of the world seems to be changing almost by the hour, new forces and new tendencies are clearly emerging. For instance, the European Community has been looking at new ways of fostering co-operation between sovereign states. Central Europe and the former Soviet Union are in the process of reconstructing almost from the ground up. East and West are finally meeting in ways Rudyard Kipling himself never could have imagined. Of course, we all know that not every corner of the world is undergoing such positive changes. But just a week ago, Yitzhak Rabin and Yasser Arafat shook hands over a peace agreement that we had all but given up on. And other countries seem to be moving on peacefully. Courageous and creative men and women have played key roles in these achievements. But if our problems seem to pale in comparison, this does not mean that courage and creativity cannot help us find some of the solutions we have been craving for.

But once again, to do this, honesty and respect are paramount. This is why, although most of you are more than familiar with what we call the constitutional issue, I thought it essential to try with you here today, to go to the very essence of what we know as the sovereignty option.

I am well aware of the fact that to many English-Canadians, Quebec sovereignty at best appears to be illogical and irrational. They feel that Canada is one of the world's greatest democracies and that, after all, it has been spared most of the calamities history has inflicted upon so many other countries. Canada, they say, is a young country with opportunities that seem even greater than those offered by the proverbial American dream! So why, they wonder, would anyone want to seek sovereignty for Quebec? Seen from this particular angle, notions of culture, language and history sometimes get lost along the way, and often seem more than a little abstract. So let me try to draw a few parallels which, I hope, will help give some of these abstract notions more concrete a meaning.

Now, all of this occurred to me as I was reading the recent Liberal Action Plan for Canada, or more precisely, the flyer that came along with it. The idea of drawing these parallels seemed good to me, although, as you can well imagine, I seldom find inspiration in the literature put out by the Liberal Party. This Liberal pamphlet is divided into five chapters entitled: jobs, growth, change in policy, health and independence. Of course, I expected to find in this last chapter an outright condemnation of the policies of the Bloc Québécois. But I found nothing of the sort. Instead, and understandably so, the Liberal Party was concerned by Canada's own independence.

If there is one thing in this country which has come a long way in the past 30 years, surely it is Canadian nationalism. Not that it didn't exist before, but it seems to me that this nationalism now has deeper roots than ever in English Canada. It seems to express itself more clearly and more easily. And now, more than ever before, English-Canadians want a real country. They know how they want to be governed and even more so, how they definitely don't want to be governed.

As we all know, Confederation itself was anything but a spontaneous happening. The decision to unite the colonies in 1867 did not only stem from the colonials' own wish to unite their destinies. The proximity and power of the United States was also a major factor. And after that, Canada's growth, while brisk, was at times painful and even heroic.

For a Quebecker, however, and I suppose for English-Canadians as well, it seemed difficult to define the true nature of Canada, or what caused its inhabitants to be attached to it.

But in recent history, this has changed. Many elements have contributed to the emergence of a strong, dynamic, articulate Canadian nationalism. I will only mention some of the more recent examples which strike me as being directly linked to our current political situation.

First of course, there was the patriation of the Canadian Constitution in 1982 and the adoption of the Charter of Rights and Freedoms. With hindsight, it seems strange that a country, built to a large extent by men and women who had come from abroad and who had often suffered from injustice should have waited until 1982 to give itself such an extended charter of rights. Whatever the reason, the guarantee that henceforth every Canadian would be granted the same rights as his fellow citizens soon stood out as one of the most basic symbols of Canadian nationhood. And we can all recall the influence the Charter of Rights had throughout the debate on the Meech Lake Accord.

But in Quebec, the situation was altogether different. Not because Quebeckers were less committed to the protection of rights and freedoms (after all Quebec has had its own Charter of Rights since 1975), but because they were convinced—and rightly so, I should add—that some of the provisions of the 1982 Constitution were explicitly intended to curtail some of the constitutional powers Quebec had exercised since 1867 and, on the other hand, to invalidate parts of a language law that a majority of Quebeckers find essential to the very survival of their culture. This is why Quebec's two major political parties, one sovereignist and one federalist, in a near-unanimous Parliament condemned this patriation. In this perspective, the 1982 patriation is still seen in Quebec as a dramatic breach of trust.

Also recently, much has been made of this new global economy, and the ensuing pressures exerted upon national economies. But less has been said about the fear of losing cultural and political autonomy. The debate over the Maastricht Treaty provides a good example of this. I don't think I need here to stress the relevance of the arguments heard in England and in France about the possible threats this treaty poses to their sovereignty. Were those arguments outrageous or irrational? Sometimes perhaps, but the fact remains that for the most part they expressed an undeniable reality: the need for citizens of these countries to know and to feel confident that, as they embark upon this European adventure, their country will survive. As freer trade and global markets pit the individual against entire continents, against the world even, more than ever we need to have an anchor, a country. In fact, globalization and sovereignty are the opposite sides of the same coin. For many, this has become the only way to achieve economic success. In a recent issue of The Economist, C. Fred Bergsten, director of the Washington Institute for International Economics, suggests that the world draw the appropriate lessons from the past and allow for the coexistence of two seemingly opposite trends: global economic integration and the growing autonomy of smaller political units such as Quebec to which he refers to explicitly as an important growth pole for the next century.

Now, we could go on for ever discussing the respective merits of economic and sociological arguments. Since economics appears to be no more of an exact science than sociology (witness our governments' budget estimates), I will only say that while we are all keen on broadening our economic horizons, few of us are willing to abandon the notion and the need for a national state.

This phenomenon has been amply demonstrated in Canada. Who can forget the debate over free trade, the concerns about the future of social programmes and Canadian culture, or the deep-seated fear of eventually being absorbed by our powerful neighbour? The same arguments are being heard once again, though to a lesser extent and in another form, about the North American Free Trade Agreement. But one thing is for sure, Canadian nationalism is definitely at issue in these debates.

Needless to say, this concern for the preservation of the Canadian culture and identity is legitimate, understandable and even vital. But if this issue is not raised quite as forcefully in Quebec, it is because we tend to think that the language barrier renders American culture a little less threatening to us. But in English Canada, continental economic integration, critical as it may be, has given rise to a new awareness about the importance of Canada's sovereignty.

The third element in this recent evolution of Canadian nationalism is the Canadian economy itself. The growing deficit and the widespread inefficiencies of our present federal system are a major source of concern. Government debt in Canada has reached unprecedented levels as governments now incur $60 billion deficits, amounting to 8.5 per cent of our gross national product. We seem to have lost control of our public finances. The independence of our monetary policy is threatened by the size of our foreign debt. Our competitive position is compromised.

Three years after the beginning of the current recession, our per-capita gross national product, in real terms, remains lower than in 1989. Although, we have recovered only 42 per cent of jobs lost during the recession, job creation in Canada has substantially slowed down over the past few months. And recent hiring surveys forecast a further deterioration for the fall.

Some will say: “Yes, but it’s the same everywhere, Canada is no exception.” To be sure, the global environment may spur or slow down economic activity in Canada. But does this explain Canada’s poor productivity performance since 1979, the worst of all G-7 members? Does this explain Canada’s unemployment rate, the highest of all G-7 countries? Does this explain Canada’s spiralling federal deficit: $190 billion in 1984, $475 billion today, and presently increasing by at least $100 million a day? The Canadian economy is simply in decline.

Canada is surely the most over-governed country in the world, with its 11 senior governments for a population of 28 million. Conflicts of jurisdiction have prevented the adoption of truly-coherent policies. In the field of manpower training alone, the Federal Government manages 27 programmes, while the Quebec Government oversees another 25. Of course all these programmes have different standards, criteria, requirements and forms. How could any normal citizen not be confused? But, more important, how could anyone think we can still afford such waste?

Government intervention in the economic field is, and will increasingly be limited by international trade agreements, including NAFTA and the GATT. The prime responsibility of governments in economic matters will be to foster a climate favourable to economic development by ensuring the availability of a skilled work force, and by stimulating particularly education, innovation and research. And it will be imperative to provide the best possible social services at the best possible cost.

English Canada understands all this and has come up with a solution: a strong central government—a federal government that will co-ordinate education, health, research and development, vocational training and countless other fields.

For all these reasons, English-Canadians yearn for a country, a true one, a united one! More precisely, they seek an efficient government for their country. Except that in today's Canada, this has turned into an impossible mission. For the same reasons, Quebec will never accept such a government. And I am not only talking about sovereignists here, I am also talking about the vast majority of Quebeckers, whether sovereignist or federalist. Because Quebeckers, whether federalists or sovereignists, want the same kind of government. The only difference is that they want it in Quebec instead of Ottawa. That's the goal they have pursued, in their own respective ways, during the last 30 years. The federalists thought it could be achieved through Canadian federalism and substantial transfers of jurisdiction. The sovereignists concluded with Rene Lévésque that this could only be achieved through sovereignty. The consecutive failures of Meech and Charlottetown have closed all doors to the renewal of the Canadian federation.

Quebec federalists can only contemplate, for themselves and the rest of Canada, endless years of counter-productive debates. Quebec sovereignty is not about resentment against English Canada. It is about two nations which need to go their own way politically in order to give themselves the kind of society they both need and deserve.

The main thing in this process is to make sure that we do not blind ourselves to the price we have to bear for this ongoing constitutional battle. And the sure thing is that neither Quebec's nor English Canada's need to secure the kind of country they want will ever go away. We must soon find a way out of this constitutional quagmire. The growing financial costs of an inefficient system in which conflicting interests are holding both of us down, will find us still together, but sinking very fast.

Many are saying that constitutional issues in Canada should be set aside. That it is, in the end, a pastime to which we can devote ourselves for a while, until we get tired of it, and then go on to more serious business.

We can all recall that after the October 1992 referendum, every government in Canada solemnly swore to turn its attention to the economy. Results? Nil.

Nowhere did it appear more clearly than in the endless constitutional saga, that Canada and Quebec were pursuing very different goals.

For years, scores of determined and sincere people have made every effort to solve this problem and define the kind of decision-making process we needed. As for myself, I abandoned the process when I realized that Quebec would never obtain a satisfactory accord. Remember also that Premier Bourassa told Quebeckers loud and clear that Meech was merely a first step, and that it would immediately be followed by another round of negotiations on the transfer of powers.

Following this failure, we all know how many committees were set up, how much energy, effort and money were invested in the process leading to the Charlottetown Accord. Every progress report released over that period was greeted in Quebec, without exception, as an attempt either to maintain the status quo or to further extract concessions from Quebec. None of these reports survived more than 48 hours in Quebec.

In the meantime, Quebec was going ahead with its own agenda in order to determine its political and constitutional future (which should already tell us something...). First, there was the Belanger-Campeau Commission where a vast majority of briefs supported sovereignty. This Commission, as you may remember, ended up recommending a referendum on sovereignty should renewed federalism fail once again.

This movement was so overwhelming that the Premier of Quebec himself—the same who last week called sovereignty “a geopolitical nonsense”—was actually the one who engineered this whole process in the first place!

In the end, the Quebec Parliament voted a law which provided for a referendum on sovereignty no later that October 26, 1992. The rest, as they say, is history.

The Premier of Quebec then chose to amend this law in order to ratify the Charlottetown Accord, by referendum. Many people tried to underestimate the true consequences of this event. Quebeckers voted No because they saw nothing worthy of interest in this Charlottetown agreement. While English-Canadians voted No because they saw too much for Quebec and not enough for Canada.

The Bloc Québécois was born out of this entire period. It was a response to legitimate democratic aspirations. First and foremost, the Bloc seeks to offer an alternative to all those Quebeckers who turned down the status quo and long for sovereignty. It also seeks to allow them to vote in a way which is consistent with their choice of October 26, 1992. Another objective of the Bloc is to prevent any federal politician from acting like Pierre Trudeau. Quebeckers remember all too well how he justified his denial of their government's demands by stating that his legitimacy was just as real as that of Mr. Lévésque since Quebec had elected 74 Liberal members in Ottawa. But until now, Quebeckers had only one alternative: vote for federalists or abstain from voting. The Bloc Québécois wants to give Quebeckers a real choice.

You all know that the Bloc Québécois is a sovereignist party. However, a good part of the process itself does not lie within its field of responsibilities. If there is one thing which is clear for Quebec sovereignists, it is that sovereignty will only be achieved through a democratic referendum and such a referendum can only be called by a Quebec government.

But more importantly, the Bloc Québécois has no intention of obstructing the business of the House of Commons. It will not seek to do what can only be done through a referendum in Quebec. The Bloc will abide by the rules of the House of Commons. Why should the Bloc undermine parliamentary democracy, which will be the foundation of its strength and legitimacy?

Like most MPs, we intend first and foremost to represent as best we can the interests of our constituents. This being said, the mandate of the Bloc will be a clear one. Should Mrs. Campbell try to unilaterally cut $4 billion from transfer payments made out to provinces, or should Mr. Chrétien try to go ahead with his plan of further invading provincial jurisdictions, then clearly the Bloc will act with the utmost determination. In the same way, the Bloc Québécois intend to assure that Quebec receives its fair share of the most strategic federal spending, those that are vital in the development of a modern economy and in the search for competitiveness. As for example, Quebec in 1991 has received a little more than 20 per cent of the total federal expenditures in research and development.

Likewise, if and when Quebeckers say yes to sovereignty, I believe that the Bloc Québécois will be in a position to stand as one of the voices of reason in the months preceding its implementation. There and then, many things will have to be discussed, including the preservation of close economic ties between Quebec and Canada.

In this sense, we must all consider the need to preserve a Canada-Quebec economic space allowing for the free circulation of people, goods, capital and services, as well as a common currency. As far as specific models are concerned these will be discussed on the basis of our mutual interests.

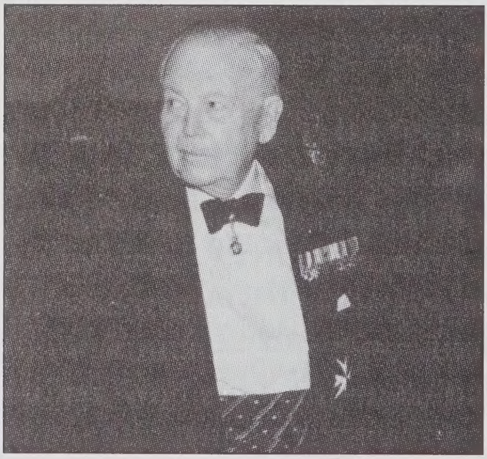
In closing, let me restate that, for me as for many Quebeckers, sovereignty is first and foremost a unique opportunity to build two countries that would finally be free to govern themselves as their citizens see it.

Thank you. I am now ready to answer your questions.

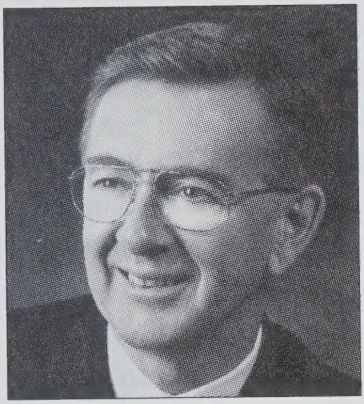
The appreciation of the meeting was expressed by Claudette Mackay-Lassonde, Vice-President, Corporate Affairs, Xerox Canada Ltd. and a Director, The Canadian Club of Toronto.

*John Griffin, Honorary Chairman of the Foundation and a Past President of the Club.*

*Setrak Adourian, Honorary Director of The Empire Club.*



*Frank McEachren, former Director of the Foundation.*



October 1, 1993

A joint meeting of The Empire Club of Canada and The Canadian Club of Toronto

# Preston Manning

Leader, The Reform Party of Canada

# THE CASE FOR A NEW FEDERALISM

Chairman: **Julie K. Hannaford**
Second Vice-President,
The Empire Club of Canada

### Head Table Guests

Mary Byers, Author and Historian and a Director, The Empire Club of Canada; Peter Cook, Economics Editor and Columnist, The Globe and Mail; Joyce Kofman, Past President, The Canadian Club of Toronto; The Rev. Kim Beard, Rector, St. Bede and St. Chrispin Anglican Churches; John H. (Jack) Yocom, Past President, The Canadian Club of Toronto; Wayne Taylor, Vice-President, Corporate Relations, Canadian Chamber of Commerce; Gareth Seltzer, Vice-President, Private Banking, Guardian Global Bancorp Inc., and a Director, The Empire Club of Canada; Andrea Lang, grade 13 student, Humberside Collegiate Institute; John Wright, Senior Vice-President, Angus Reid Group; Brian Segal, Publisher, MacLean's Magazine and a Director, The Canadian Club of Toronto.

**Preston Manning**

Thank you for the invitation and opportunity to speak to you at this critical point in the federal election and the development of our country.

Under normal circumstances, I would have preferred to talk to you today about Economic Recovery For Canada In Three Dimensions—deficit reduction, tax relief, and more jobs. We've been finding as we go across the country that economic recovery in these three dimensions is the defining issue that Canadians would like this election to address and to some extent resolve.

But 10 days ago this platform was occupied by Mr. Lucien Bouchard, leader of the Bloc Québécois and a separatist from Quebec. He used that opportunity to present the case for the separation of Quebec, arguing that such a constitutional development would be in the best interests of both that province and Canada.

I am not a separatist. I am a federalist from the West. I have a deep emotional and intellectual commitment to a united Canada including Quebec. I am a new breed of federalist, seeking election to the House of Commons under the banner of the Reform Party of Canada. And so I am here today to argue the case for that new and better federalism which I believe is in the interests of all Canadians.

### Reform Perspective On The Separatist Challenge To Federalism

Reformers accept the legitimacy of the aspirations of the Quebec people to preserve and enhance their culture and language, and, like other Canadians, to enjoy the benefits of a prosperous economy and democratic society. The separatists—the PQ provincially and the BQ federally—argue that these aspirations can best be met by the separation of Quebec from the Canadian federation and its entrance into a looser association called Sovereignty-Association.

Arrayed against the separatists in Quebec are what we call the Old Federalists of the traditional parties. As an alternative to the separatist constitutional model, they offer Quebeckers the Old Federalist model of Canada as an equal partnership between two founding races, the

English and the French, in which special status may be granted to groups of citizens based on race or language or culture.

The Old Federalists' constitutional model is of course embodied in the 1982 Constitution Act, which they sought unsuccessfully to further enhance through the Meech Lake and Charlottetown Accords. The Old Federalists also see the Federal Government as the primary guardian of the French language in Canada, a concept which finds expression in the federal Official Languages Act, supported by all three traditional parties.

### The Old Federalists Are Losing Their Battle

Reformers believe that the Old Federalists are losing the battle for the minds and hearts of Quebeckers.

Whether Quebec separatists are any stronger today than they were at the time of the 1980 Sovereignty-Association Referendum may be debatable, but what is not debatable is that the Old Federalists are weaker. Mr. Trudeau is gone, Mr. Mulroney and now Mr. Bourassa are gone, and Jean Chrétien (whether one agrees with this assessment or not) is seen at least in Quebec as yesterday's man. And there are as yet no young, vigorous champions of a new and invigorated federalism in Quebec—only tired Old Federalists with a faded vision.

A March 1992 Gallup poll showed that 64 per cent of all Canadians, including 61 per cent of Quebeckers, consider the federal official bilingualism programme a failure. It is apparent that Quebeckers see the Quebec Government, not the Federal Government, as the primary guardian of their language and culture.

One year ago, Quebeckers rejected the Charlottetown Accord as promoted by Old Federalists in that province, 54 per cent No to 45 per cent Yes. According to the recent polls, the Old Federalist parties are trailing the BQ in Quebec by a wide margin in the current federal election campaign. So if the next Quebec provincial election, followed by another sovereignty referendum, is simply a continuation of the current contest between Quebec separatists and Old Federalists, the probability now is that the Old Federalists will lose.

On the other hand, if something could be done to turn the contest into a contest between separatism and a vigorous New Federalism, we could have a different story with a different ending. In fact, what we would really have is a new beginning for the 21st century. So examine with me, therefore, the prospects for the emergence and growth of a New Federalism in Canada.

### New Federalism

It is our contention that there is a New Federalism struggling to be born in Canada, and that the Reform Party of Canada is the political vehicle for its expression. Its origins are in Western Canada, the youngest part of the country constitutionally—the part least wedded to the old founding-races/special-status constitutional model.

That New Federalism has begun to find supporters in Ontario and Atlantic Canada. It was on the winning side in the 1992 constitutional referendum. And after the 1993 federal election that New Federalism may well be strongly represented in Parliament, and in a position to present itself vigorously to Canadians living east of the Ottawa River.

What are the distinguishing characteristics of that New Federalism represented by Reform? Let me just mention four:

1. A commitment to the concept of equality—the concept that all provinces and all citizens should be treated equally in the Constitution and federal law regardless of race, language, culture, creed, gender, or place of residence.
2. Recognition of the right of all Canadians to the preservation of cultural and linguistic distinctiveness, but that right to be exercised as follows:

Let individuals, private associations, and lower levels of government (including provincial governments) be responsible for preserving cultural and linguistic distinctiveness.

Let the role of the Federal Government be the prevention of discrimination—by individuals, private associations, or provincial governments—on the basis of race, language, culture, creed, or gender.

3. This New Federalism should be nurtured and sustained by an internationally-competitive economy in which governments live within their means, social services are sustainable, and job creation is seen as primarily the responsibility of the private sector.
4. Finally, this New Federalism must be characterized by more representative and accountable political institutions in which elected members, no matter what party they come from, are more obligated to genuinely represent the views and the interests of those who elected them.

### What Role Will Reformers Representing This New Federalism Play In The Next Parliament?

First, Reformers will advocate fiscal and parliamentary reforms that will benefit all Canadians no matter where they live in Canada including Quebec. Getting the federal deficit under control so that social services can be sustained, so that some day before all of us pass on we could have a genuine discussion in this country on tax relief, and so that private sector job creation can be stimulated—these are matters which are in the interests of every Canadian in every province. Changing the rules of Parliament so as to provide for freer votes, and democratic reforms to make politicians more accountable to electors, are in the interests of all Canadians regardless of race, culture, language, creed, gender, or province of residence. These are reforms that, if they are pushed in the Canadian Parliament, can strengthen the country as a whole and can unite us.

Second, on the issues that divide—the Constitution, language, and culture—Reformers (New Federalists) will bring fresh approaches. We will vigorously promote on the national stage (and this has yet to be done) the equal provinces/equal citizens constitutional model. This model is not only growing in popularity outside Quebec, but the 1992 year-end Maclean's/Decima poll showed it now has more support in Quebec than the old founding-races model, if only it had a champion there.

We will vigorously promote on the national stage a new division of responsibility between the federal and provincial governments for the preservation of cultural and linguistic distinctiveness, one which we feel is more compatible with the views of Canadians including Quebeckers than the current Official Languages Act or the multiculturalism policy of the Federal Government.

Third, if a significant block of Reformers are elected to the next Parliament we would pursue our stated intention of seeking New Federalists in Quebec to join with New Federalists across Canada in making our vision of a New Canada a reality.

This is how big systemic improvements in Canada's constitutional arrangements have occurred in the past. Baldwin, the Upper Canada Reformer, found Lafontaine the Lower Canada Reformer, and they worked together to achieve representative and responsible government in the old united colony of Canada. Macdonald and Cartier worked together with other Reformers to bring about the Confederation of 1867. Why is it so impossible to believe that New Federalists from west of the Ottawa River linking up with New Federalists east of the Ottawa River can bring into being the New United Canada of the 21st century?

Fourth, Reformers in the 35th Parliament of Canada make one further pledge, and that is to speak the plain truth to Quebeckers on the state of constitutional opinion outside Quebec. That plain truth is this: that for those Quebeckers who want to separate, the choice is between Independence and Canada.

We want to take away from the separatist forces in Quebec that soft, mushy intermediate ground of Sovereignty-Association which they offer to Quebeckers as a halfway house between Independence and Canada. We take that ground away simply by speaking the truth—by making clear that there is no market outside Quebec for Sovereignty-Association of the type proposed by Parizeau and Bouchard.

We try to make the choice of Canada over Independence more compelling for Quebeckers by offering New Canada vs. Independence rather than Old Canada vs. Independence. But we also make clear that any federal government obliged to negotiate Quebec independence would have only one objective in mind—to maximize the benefits and minimize the costs to the Rest of Canada.

## Implications For The 1993 Federal Election

How should these factors—the faltering of Old Federalism in Quebec, the separatist challenge of the BQ and the PQ, the rise of New Federalism and Reform—influence your vote in the federal election of October 25, 1993?

The analysis that I have just gone through should make clear to you the dangers of a weak majority government headed by Jean Chrétien: If you make Chrétien prime minister of Canada with a small majority, you will make a well-meaning but burned-out Old Federalist the chief salesman for federalism. Canada would be putting its weakest foot forward in trying to sell federalism to a new generation of Quebeckers, not its strongest foot.

If you make Kim Campbell prime minister of Canada with a small majority, you will be putting Canada's constitutional future back into the hands of the party which botched both the Meech Lake and Charlottetown Accords, the party which bought Lucien Bouchard of the Bloc Québécois his current seat in Parliament. Canada is now paying the price for the federal Conservatives' attempt to build a national party by flirting with separatists in Quebec.

If Canadians do not trust either of the old parties enough to give either a majority, then it is absolutely imperative that the balance of power in any minority Parliament be held by federalists (we would argue New Federalists) rather than separatists. The parliamentary reforms which Reformers advocate (freer votes, fixed election dates, referendums, and recall) are designed to make a minority Parliament more effective and responsible than an unreformed majority Parliament.

At present, if Reformers work very hard we have the potential of electing more members to Parliament than the BQ, and establishing a solid and substantial presence there for the New Federalism we represent. This is the way we can help "beat the BQ" even though we are not present in Quebec. Such a Reform presence in the Parliament would also prevent the Old Federalists of the traditional parties from compromising the constitutional interests of the rest of the country by making unacceptable concessions to Quebec separatists.

Finally, regardless of what I or others say about the merits of majority parliaments or minority parliaments, may I encourage you, whatever you do, to vote in this election out of conviction, for what is right, rather than from the fear of secondary consequences. Some people (unfortunately many Canadians) tend to vote out of fear, and those fears are played upon by the politicians of the old order and their spin doctors. Such people say, "I want to vote for Party A but if I do I'm afraid Party B will get in, so maybe I'd better vote for Party C whom I don't trust." Only in Canada would such an argument carry weight. What a convoluted, backward-looking approach to exercising your democratic right to vote!

My appeal to you—no matter what your party background—is to vote with the courage of your convictions. Don't let the "defining moment" in this election be some 10-second clip from the leaders' debate next week, which some TV editor has decided is the pivotal moment of the campaign and Canadian history. In other words, let the "defining moment" in this election be that moment when you walk into the polling booth—alone, without a television, without a radio, without a newspaper—and vote with courage of conviction for what you consider to be right for yourself and for your children and for your country.

Thank you.

The appreciation of the meeting was expressed by Brian Segal, Publisher, Maclean's Magazine and Director, The Canadian Club of Canada.

*Julie K. Hannaford, Partner, Borden & Elliot and Third Vice-President, The Empire Club of Canada and Preston Manning, Leader of the Reform Party of Canada.*

October 7, 1993

## Hollis L. Harris

Chairman, President and CEO, Air Canada

# AIR CANADA AND THE AIRLINE INDUSTRY CRISIS

Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

**Head Table Guests**

Jan Dymond, Vice-President, ZED Communications and a Director, The Empire Club of Canada; Charles Hodgkinson, Director of Advertising Sales, MacLean's Magazine; The Rev. Dr. J. Harold Morris, former Moderator, Presbyterian Church of Canada and Minister, Glenview Presbyterian Church; David McClung, President, Canadian Travel Press; Catherine Charlton, President, The Charlton Group and a Past President, The Empire Club of Canada; John Konrad, Partner, Price Waterhouse; Paul W. Nelson, President and CEO, The Gemini Group; Ed Badovinac, Professor, Department of Electronics, George Brown College and a Director, The Empire Club of Canada; Kate Perry, grade 13 student, Eastdale Collegiate Institute; C. G. (Kit) Osler, Vice-President, Transportation North American Corporate Banking, Canadian Imperial Bank of Commerce; John A. Powell, President, P. Lawson Travel; D. Campbell Deacon, Chairman and CEO, Deacon Barclays de Zoete Wedd Limited.

**Introduction by Dr. Jackman**

Hollis Harris became the new captain of the Air Canada fleet on January 1, 1993. While new to this position in Canada, he previously gained experience with airlines in the United States. He was Chairman, President and CEO of Continental Airlines since 1990 and prior to that he was President of Delta Airlines, after serving 36 years, rising from transportation agent to president.

Lest you think Hollis Harris' life is all work you should know that he also serves his community. Mr. Harris is on the Advisory Board of the Boy Scouts of America. He is also a member of the National Advisory Council of the National Multiple Sclerosis Society.

Having a plane at his disposal—from time-to-time—he also travels to meetings of the Canada-U.S. Committee of the Canadian Chamber of Commerce and the Business Council on National Issues. After this meeting, he will leave quickly in order to catch a plane to Atlanta. As one of our Directors said, "Why doesn't he just change the plane's schedule?"

Mr. Harris serves on several other organizations including the Executive Committee of the International Air Transport Association.

Now, the Report on Business ranks the top 1,000 companies in profit and Air Canada was ranked 994th. At 6th to last place, this equates to losses of $454 million in 1992, just two positions better than Canadian Air and PWA. We are interested whether our two airlines will merge, marry each other or murder and what you believe would be best for Canada?

Mr. Harris resembles the ancient Greek Daedalus who escaped from Crete by attaching wings that he had made. His son, Icarus, however, flew so high that despite his father's warnings, the sun melted the wax by which his wings were attached and he fell to the sea and drowned. Like Daedalus, Hollis Harris brings warning as well as the know-how to fix the damaged wings of Air Canada. We wish you sir "God Speed."

Today, he has come to put his words in flight. We will hear Mr. Harris talk about what's wrong with our airline industry and is it possible to fix it. If you would sir, please tell us if the Air Canada Terminal Two will really be awarded before the election.

Please welcome our guest speaker, Hollis Harris.

## Hollis Harris

Good afternoon. I thank my hosts for the kind invitation to speak with you today. On behalf of the 6,600 Air Canada and Air Ontario people in this province who provide the very best in airline services, I am glad to have the opportunity to offer Air Canada's point of view on the current airline industry crisis.

I know that especially over the past few months, the Canadian airline industry has been front and centre. You don't have to work for an airline to know that our industry has serious problems and that there are different ideas on how to deal with it.

We've all been inundated with media reports galore explaining what this debate is about and what is at stake. The reports have certainly had all the dramatic elements—including an evil villain and a heroic underdog and some great dialogue with references to gunslingers and diabolical plots.

I can understand how such an emotional issue would evoke this type of response. But while it's probably human nature to consider things in largely black and white terms, I don't think it really does this issue justice. I'd like to go beyond the stereotypes for a moment, and take you past the rhetoric of this public relations war. Let me start out by telling you what this debate is not about.

First, this debate is not about a diabolic plot to put one airline out of business. If that were the case, Air Canada could very easily just bide its time and wait for this lengthy legal process to unfold. In fact, our current proposal takes as a given that Canadian Airlines would survive.

Second, this debate is not about Air Canada's desire to have a monopoly on air service in this country. Let me remind you that some 40 foreign airlines already compete for passengers travelling internationally to and from Canada. And domestically, at least three charter airlines today—Air Transat, Canada 3000 and Royal Air—are already setting the pace for airfares. Our recent offer to Canadian Airlines provides for full domestic and North American competition.

Third, this debate is not just about the 17,000 Canadian Airlines' jobs. It's about another 18,000 jobs at Air Canada, plus 2000 at our connector carriers, plus 700 jobs at Gemini, the computer reservations system that is headquartered right here in Toronto. And I'm not even counting the countless jobs at other companies that depend on airlines for their livelihood. These people have just as much at stake.

And most importantly, this debate is not just about airlines.

So if that's what this debate is not about, let me tell you just what is at issue. Very simply, it is the future of aviation and aerospace in Canada and the economic benefits that this country will or will not be able to accrue from it.

Let me say right up front that I know some people wonder why an American from Georgia should be up here talking about this. Believe me, I did not come up here to tell you how to fix your problems. I'm very sensitive to that. When the Air Canada Board brought me up here, they gave me three very specific tasks.

One was to help turn Air Canada around to profitability. The second was to use my experience in heading Delta and Continental to help Air Canada position itself for the future with alliance partners. And third was to develop a group of Canadian candidates to take over as CEO.

The last item, developing Canadian candidates to take over from me, has been the easiest part of this mandate. And we have been very successful in forging alliances with Continental, United, Air France and now Korean Air. But the most difficult aspect of this mandate, returning to profitability, brings me back to this problem of industry structure.

Let me illustrate that point by saying this: Air Canada and Canadian Airlines lost nearly $1 billion between them last year. That's like giving $40 to every person who walked up to a check-in counter over a 12-month period.

Now I don't know of many industries that would watch this for very long before taking a serious look at the industry as a whole.

The structure of the airline industry in Canada is at the heart of this debate. Because if it is not fixed, you will see these problems—the billion-dollar losses, the layoffs and the export of high-tech jobs—persist over the coming years.

Unlike the arguments presented during this unfortunate war of words, Air Canada envisions something more than the option of American Airlines control or bankruptcy for Canadian Airlines. Either of these options will be to the detriment of airlines, taxpayers and the economy. That is why we put forward what we considered to be a win-win approach that addressed the concerns expressed by a variety of audiences.

When PWA first came to Air Canada two years ago and suggested we work together to find a solution to the problems we both faced, Air Canada offered to purchase Canadian's international routes. We thought then, as we do now, that this is the second best scenario. But we also demonstrated then that we were willing to negotiate on the broader structural issue. PWA rejected that first offer on their international business and instead told Air Canada that it would have to buy the entire airline instead. Air Canada did its best to come up with a merger scenario that would protect the interests of both airlines and their shareholders.

A debt restructuring was the only issue that stood between us and resolution of the conflict. And at that time, PWA proved unwilling to move on that to put the deal together, but a short while later, they proved ready to do just that for an investment from American Airlines.

Air Canada has lobbied hard against the America Airlines deal. Our feeling is that it doesn't serve anyone's interest—not the public, not the airlines, not our employees, and most certainly not the politicians—to watch a band-aid solution that attempts to stave off the inevitable for this industry.

The American Airlines deal will make matters worse, not better. The fundamental problem is that the population of Canada cannot support two international carriers. And if it is not addressed, then as you saw federal and provincial governments shell out $120 million on loan guarantees last year, we can expect more of that in the coming years for two weakened, bleeding airlines.

We wrestled with this from all angles, and we feel that our latest $1-billion offer to purchase Canadian Airlines' international business is a better approach.

- It would keep Canadian alive;
- It would preserve domestic competition;
- It would preserve Gemini and its 700 high-tech value-added jobs; and
- It would create two strong domestic carriers, allowing both of us to avoid becoming a weak branch plant of a mega-carrier.

This kind of serious, global approach to our shared problems is what Air Canada has been advocating since the first rumblings of this crisis in 1990. If nothing else, our offer deserves the kind of consideration that the American Airlines deal has already been given. It most certainly does not deserve to be rejected out of hand.

One of the most confusing elements of this debate relates to Gemini, the computer reservations system that Canadian Airlines and Air Canada share equal ownership in with a third partner. Gemini is one of the high-tech, value-added employers that this election campaign has focussed on as something this country needs. Yet as a pre-requisite of this deal with American Airlines, Canadian must break its contractual obligations to its partners and Gemini and join American's computer system, Sabre.

My point of view on this is clear; we did not start the legal process to allow Canadian to extricate themselves from this legal contract. But Air Canada has even more at stake than they do in seeing that our investment in Gemini is protected, for our shareholders and for our employees. Gemini is our major channel of distribution. And seeing Gemini destroyed would cause material damage, hundreds of millions of dollars of lost revenue, to Air Canada.

We should not be transfixed by Gemini or any of the other issues that have been raised, because it is distracting us from the real issue. Because while the battle rages over Gemini, diabolical plots and gunslingers, nobody noticed that we're losing the war.

Separately, Air Canada and Canadian Airlines are unable to viably serve any but the very largest international markets, often with fewer frequencies than our international competition.

One analogy that Canadian travellers can probably understand is this: The aviation system is much like a city that clings to two airports. Both airports compete for the same business at almost any price, while other cities concentrate on one facility that can deliver better service at a lower cost. And as a result, both airports are weakened, both carriers are weakened, outside competitors gain at the expense of both, and quality economic growth is sacrificed to the illusion of choice. That illusion has been front and centre in this debate.

Here's what we're seeing. Unable to build frequencies and economies of scale thanks to this fragmentation of international traffic, Canada's two flag carriers serve just 60 per cent of the routes in Canada's bilateral portfolio. And instead, all of these routes are dominated by the 40 international carriers that fly into Canada every day.

If you think that does not matter, consider this: A rule of thumb in our industry is that for every dollar spent on an international carrier flying passengers in and out of this country, only 30 cents will be spent in this economy. The rest will fly right back home to their own economy.

This affects Canada. But let me bring it to a more local level and explain just what is at stake for Toronto and Ontario. It's much more than just jobs, although that in itself is significant, with more than 6,000 of Air Canada's people alone based in this province. In operating expenses, payroll, taxes and spinoffs, Air Canada spent more than $1.2 billion in Ontario in 1992. Our connector carriers have the world's largest fleet of deHavilland aircraft, a major employer and business in this province. And Air Ontario provides vital air links for 16 Ontario communities. So in terms of contribution to the economy, the airlines are absolutely critical.

And Toronto is not only Air Canada's principal hub, it also has the potential to become one of the North America's most important international hubs. With that hub activity comes one thing—money. Money to provide jobs, money to support business, money to stimulate the economy. But we will never reach this potential, let alone continue as an industry while Canada's two major carriers are losing such phenomenal amounts of money.

Here's an example of the potential you have in your back yard: Denver ranks as North America's 24th largest city in population but sixth in airport passenger volumes. Toronto is the 10th largest North American city but ranks just 19th in airport volumes.

Why is being a hub important? Just ask any of the cities in the U.S. that invest so much energy and resources into developing their airports as hubs. One of the biggest hubs is Atlanta. One airline alone, Delta, operates over 500 daily departures there. And each of these flights needs to be serviced by high-tech employees, taxpayers, that live in the area. And each of the flights carries passengers who spend in the area. And even at a relatively small hub like Houston, Continental Airlines operates 350 departures a day. Meanwhile, Air Canada operates less than 150 flights from Toronto.

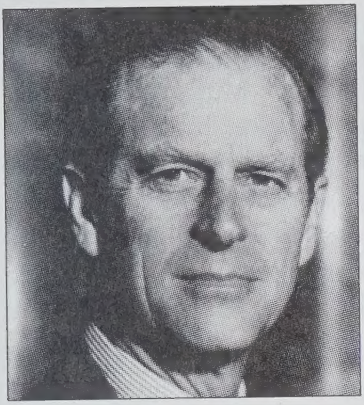
Toronto already has the infrastructure to take its place among North America's most attractive hub airports. And geographically, Toronto is ideally positioned to hub traffic from major centres in the U.S. to both Europe and Asia. Geographically, the flight paths will take these flights over Toronto anyway. There's no reason why this city can't get a piece of the action. And Air Canada wants Toronto to be such a hub.

The question is: Does American Airlines, or any other U.S. mega-carrier which has already invested so heavily in U.S. hubs like Chicago or Atlanta want Toronto to be such a hub? Certainly not American. If American Airlines does the PWA transaction, they will never let Toronto compete with their big hub at Chicago.

This is the kind of fundamental structural problem of this industry that we would like to see addressed seriously and comprehensively. You may be able to convince yourself that in the short-term, the American Airlines deal is the least painful, most politically expedient thing to do. But I think we have to ask ourselves if that solution really fixes the problem and whether we have given fair consideration to the alternatives that do exist and are on the table today.

On behalf of Air Canada's 18,000 employees, a great many of them among our 60,000 shareholders, I thank you for listening.

The appreciation was expressed by Catherine Charlton, President, The Charlton Group and a Past President, The Empire Club of Canada.



October 12, 1993

# His Royal Highness the Prince Philip

Duke of Edinburgh

## THE NEXT GENERATION

Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

**Head Table Guests**

Paul D. J. Clark, President, Tri-C Consultants Ltd., Director, The Empire Club Foundation and Chairman, The Empire Club's 90th anniversary event; Gregory Belton, President, Muntz & Beatty Insurance Brokers and President, The Duke of Edinburgh's Award; Phyllis Rawlinson, one of the four women polo players to play competitively internationally for Canada in the 1930s and served with the British Wrens trained by Billy Bishop throughout World War II; The Very Rev. Duncan Abraham, Dean of Toronto and Rector, St. James Cathedral; Peter Munk, Chairman and CEO, American Barrick Resources Corporation; Malcolm Basing, President, Swiss Bank Corporation (Canada); Mrs. Kenneth L. Campbell, Chairman and CEO, Dover Industries Ltd.; The Honourable Charles Dubin, Chief Justice of Ontario; Maj.-Gen. Reginald Lewis, C.M.M., C.M., C.D., Chairman, The Empire Club Foundation, a Past President, The Empire Club of Canada and a Past President, Ontario Council, The Duke of Edinburgh's Award; The Honourable Henry N. R. Jackman, C.M., K.St.J., B.A., LL.B., LL.D., Lieutenant-Governor of Ontario and Honorary Vice-President, The Empire Club of Canada; Col. Leslie C. Parkinson, Honorary Director, The Empire Club of Canada and celebrating his 90th birthday; Meredith Hendy, grade 13 student, Lakefield College and currently working on her gold medal for the Duke of Edinburgh's Award; Brig.-Gen. Denis Whitaker, Honorary Colonel, Royal Hamilton Light Infantry; William J. McCormack, Chief of Police, Metropolitan Toronto; Peter Davies, British Consul General; Col. Frank McEachren, Director, The Empire Club Foundation; Jean Casselman-Wadds, former Canadian High Commissioner to the United Kingdom and a Past Director, The Empire Club of Canada; Hartland M. MacDougall, C.V.O., O.C., Chairman, Royal Trustco Limited and Honorary Treasurer, The Empire Club of Canada.

## Introduction by Dr. Jackman

Members of The Empire Club of Canada, today is a very special occasion. First, we welcome the return of His Royal Highness the Prince Philip to The Empire Club, after an absence of 24 years. Your return sir, is indeed a most pleasing and eagerly anticipated happening. Secondly, this luncheon marks the first of the Club's 90th anniversary celebrations. We are most pleased, Your Royal Highness, that you are able to be here to help make this occasion memorable.

I would like to dwell on the origin of The Empire Club so all can understand why His Royal Highness' presence is so valued.

In 1903, the year the Club began, Canada was more closely connected to England than it is now. Many in Canada were fiercely loyal to the old country, while others were adopting a pro-Canada stance. People were resisting decisions that affected Canada which were being made in Britain or seemed to be made there.

One such judgment that provoked outrage had to do with awarding the United States the Alaskan panhandle—formerly the long, thin strip of land on the Pacific north-west coast belonging to British Columbia.

At about this time, luncheon speaking clubs, such as we are today, became popular. It was believed that one such club—The Canadian Club—had sided more with the pro-Canadian, anti-British view regarding the Alaskan situation.

Wanting to establish a club more in keeping with a Loyalist view, a little group of men met at what was recently known as Lulu's Cafe (then Webb's Restaurant on Yonge at King) to organize The Empire Club of Canada. The date was November 18, 1903.

The Club began—and continues—as one of the loyal societies in Canada. Our members are proud to be part of the pre-eminent speakers' Club in Canada. We take no small measure of satisfaction in being the only Club to maintain an accurate record—contained in the annual yearbook—of every address. Our Club is a witness to history—and our history is a witness to loyalty.

In 1969, when Prince Philip was last at The Empire Club, he talked of The Duke of Edinburgh's Award Scheme in Canada. He said to us then, "The Scheme is not very well known in Canada for a variety of reasons. In fact I wouldn't be surprised if the majority of you here had never heard of it until you found yourselves coming to this lunch." (Oct. 22, 1969)

I would venture, sir, that most everyone knows something about the Scheme today. In fact, some know so much about the Awards that they will receive recognition this afternoon or very soon.

Prince Philip has witnessed youth for a lifetime. He understands much of the turmoil, the difficulties, the pitfalls and pleasures that challenge young people. He has observed, throughout the Commonwealth, more than a generation become adult. Today, he will address us on his topic: The Next Generation.

It is my very great honour to present to you His Royal Highness, the Prince Philip, Duke of Edinburgh.

## Prince Philip

'The young people of today are the citizens of tomorrow' is a popular platitude. It is true enough, but it seems to assume that they will become responsible citizens as a matter of course. All the evidence suggests that it takes a great deal of time and effort on the part of parents, teachers, voluntary youth organizations and churches to help young people become responsible citizens.

The truth is that there is a significant difference between a pupil—or a student for that matter—and a mature and responsible citizen. This is not a criticism of the young, it is just a simple statement of fact. Babies may be born with instincts and particular genes, but they are born ignorant and they are expected to become responsible—at least politically—within 18 years. Considering the mass of experience that has been accumulated by human civilization over several thousand years, this is a major challenge for any young person, and every year it gets worse.

The problem that every generation of mature responsible citizens—and I assume that all the members of The Empire Club of Canada come under that heading—the problem it has to face is how to help the members of the next generation to understand the world around them and to achieve, in the shortest possible time, the status of mature and responsible citizens within the context of the conditions of the contemporary world.

There can be no doubt that professional teachers know more about the business of teaching the young than the rest of us, but it is important not to confuse the means with the ends. The means are the business of the teaching profession, but every mature and responsible citizen has the duty and the right to have a say about what the ends should be.

Some years ago I was visiting a technical college in British Columbia. At the end of the visit I was invited into their media training studio to answer some questions. All went well to start with, but I was completely taken aback by the last question. It was to the effect that did I have any advice for the students when they left the college.

After praying desperately for some sort of inspiration, my prayer must have been answered as I heard myself saying that if they were clean, honest and polite, they would be doing the world more good than harm. This seemed to be received with general approval and, for once, I was able to leave such an interview without wondering whether I had put my foot in something.

It is perfectly true that life in the more prosperous countries has been becoming daily more technical and complicated. It is also becoming more competitive and, since many more people have to rely on getting a job in order to achieve the standard of living which they have come to expect, training for jobs has come to be seen as the most important aspect of education. The tendency is therefore to judge the success of schools and colleges almost entirely on the record of academic achievements of their students. (I sometimes feel that it would be more revealing if they were to be required to publish the number of their former students presently in gaol).

I would suggest that academic education and technical training are only elements—very important elements—in the broader process of the formation and development of young people. The question, of course, is whether academic education and intellectual or technical qualifications are really all that young people need to prepare them to provide for themselves and their families and to maintain and, hopefully, to improve the level of contemporary civilization. The attitude and behaviour of some young people—and indeed of many adults—suggests that their preparation has not been wholly adequate to the task.

Looking back into history, it seems clear that the most successful way of enforcing reasonable standards of behaviour was by applying sufficiently severe punishments or reprisals to deter those who would otherwise indulge their uncivilized practices. Fear of reprisals is about the only restraint that some people are prepared to recognize.

However, the snag is that we are now supposed to be living in caring, considerate and humanitarian societies, where effective reprisals are no longer tolerated. The result appears to mean that the bullies and aggressors are free to do what they like, without any fear of the sort of reprisals that they might respect.

The former Soviet Union and Yugoslavia are cases in point. No sooner was the harsh communist regime lifted than crime and vicious civil wars have made life intolerable for the ordinary citizens. Once respect for the law and civilized behaviour is lost, the law of the jungle takes over. The trouble is that laws and threats of reprisals are negatives in that they forbid things. I believe it is just as important, if not more so, to encourage and motivate young people to do the right things of their own volition.

I suppose every generation has had to learn to live with the angry, the prejudiced, the protesters and the extremists, but that is no reason to give up the idea of trying to inculcate more civilized and rational behaviour in the young. This will not be achieved if they see that uncivilized behaviour in the community and in the entertainment media is apparently acceptable and praiseworthy.

Many people recognize that sport and recreation develop bodily fitness. I would suggest that participation in sport, particularly in team games, also teaches some of the most basic lessons in behaviour. Team games are exercises in structured co-operation. It is the co-ordination of individual skills and team tactics and the sublimation of individual ambitions for the good of the team that brings success. That is precisely the formula that makes for successful enterprises and communities.

The game itself has to be played according to the rules and there is a referee or umpire to ensure that infringements are penalized. Rules are not established with a view to restricting human rights. They are simply to allow all the players to enjoy the game. Envy and jealousy are very much parts of human nature. Most people do not like the idea that others are better off than they are, but envy and jealousy are as nothing to the sense of injustice that we all feel if the law is seen to be biased or unfair and its enforcement inefficient or corrupt.

Games, therefore, emphasize the vital part played by those who are required to enforce the rules. This is the essence of the principle of the rule of law in society as a whole, so that games and sports are object lessons in the need to abide by the law, to apply it fairly and to accept the decisions of those who are employed to enforce it.

Most sports are competitive and, whether we like it or not, so is life in general. The essential element in competitive sports is the spirit in which they are undertaken. The other team, or the other guy, has just as much right to win and the same expectation that the other side will not cheat. After all that training and preparation, losing may be very disappointing, but glorying in triumph or resenting defeat is not going to make you a popular opponent.

One of the most important lessons that sport can teach is that it is impossible to succeed without adequate training and preparation. Talent helps, but there is no short cut to success, and this is only too true about life itself.

Since only a very small minority of teams or individuals can ever expect to win all their contests, it is just as important to learn how to win and also how to lose gracefully and to be generous in victory and resilient in defeat. If sport is to be enjoyed by all participants, sportsmanship and fairplay really are important factors. Just as good citizenship and tolerance make life better in every community.

The second aspect in the formation of young people is the development of imagination and skills. I think we are all aware that life is more than work and play. One of the greatest joys and most rewarding experiences is what might be described as the pursuit of cultural activities. They form a very special element in the development of personality and character. It is through the arts and crafts that the human personality is at its freest and most imaginative.

The need, therefore is to encourage the young to develop a taste for some kind of creative cultural activity. However it is not quite the same thing as teaching such basic, and necessary, skills as reading, writing and arithmetic. There is a very wide choice of creative pursuits, so young people cannot be expected to make a sensible choice unless they are aware of at least some of the options. Making them aware is one thing; better still, is to offer them opportunities to gain first-hand experience of as many of the options as possible.

The whole academic system, the organization of sports recreations and the introduction to skills and leisure pursuits are, as it were, adult-led. They are part of the process of transferring human experience from one generation to the next, but one essential element in growing up is self-discovery. I would therefore suggest that the third aspect is the need for every young person to discover for themselves how they would react to the responsibility of leadership and how they would respond to pressure or crisis.

One way of doing this is by challenging a group to plan and carry out some form of demanding expedition. It is also called adventure training, although the crucial test comes after initial training in map-reading, camp-craft and first aid. The essence of the experience is in the planning and execution of the expedition by the young people on their own.

Some people argue that this sort of thing can be dangerous. Almost anything in modern life can be dangerous, but the specialists have shown that even the most alarming activities can be made virtually harmless by training, practice and sticking to the rules discovered by experience. It would be extremely dangerous for someone to buy a ticket to Nepal and set off to climb Everest in a business suit with an attaché case. The fact is that many people have climbed Everest, and returned to tell the tale, but only after rigorous training and experience. It would be equally fool-hardy to try to play polo without knowing how to ride.

Such activities will always be demanding, and it is the demanding element that matters, but they need not be dangerous if they are undertaken sensibly and responsibly. Coping with fatigue, responding to the unforeseen, making decisions under stress; it is this sort of experience that helps young people to discover their true metal, and almost invariably they find out that they are far tougher and more capable and resilient than they ever suspected.

Finally, the fourth aspect is that young people need some form of ethical instruction. A comprehension of the difference between good and evil is not inherited through the genes. No matter how highly young people may be qualified in a profession or occupation, it matters very much that they should do their work with honesty and integrity. Civilization would not be very well served by brilliant crooks.

Teaching civilized attitudes and standards of behaviour is a very difficult business. Social scientists may have different views, but there are many reasons to believe that young people are more likely to absorb attitudes and patterns of behaviour by experience, precept and example than by formal instruction. If the young grow up among adults who are clean, honest and polite, the chances are that they will do the same. There is a natural inclination to conform, and even those who set out actively not to conform generally end up conforming with each other anyway. The influence on the young of standards of behaviour in the home and at school is therefore very significant.

I believe that the most difficult area in the formation of young people is the introduction to what might be called the spiritual life. It may not play the same part in the case of every individual, but there is every reason to believe that most people are aware of the spiritual element in their personalities. Some have a deep yearning to know how they fit into the universal scheme of things. Since even science cannot supply the answers to the sort of questions they want to ask, they have to turn elsewhere to provide them with ideas on which they can base their beliefs.

The significance of having a belief or a faith, is that it becomes the motivation for behaviour. It is one thing to try to convince people that certain actions are socially harmful, but it is quite another matter to ensure that they do not indulge in them. Laws are important, but it is only when people feel a sense of moral commitment to a certain code of behaviour that they will willingly abide by it without the threat of the law.

This is the traditional area of the religions, but there is now a lively debate about the participation of the religions in an educational system in a multi-faith, multi-ethnic and multi-cultural society. The need for an introduction to, if not instruction in, the spiritual element of human nature is probably greater now than ever. The problem, in a secular society, is how this is best achieved.

If the responsibility of the established religions to teach this subject in schools is removed, there remains the need to put something in its place. All the evidence suggests that without some sort of basic instruction, a kind of vacuum is left in the developing mind and this will, at some time in the future, suck in some plausible alternative, and very probably, dangerous ideology.

A standard of ethics is not only needed at work. I rather doubt whether tolerance and consideration for others comes naturally to many people. When Charles Colson (of Watergate fame) received the Templeton Prize for Progress in Religion earlier this year, he suggested that the goodness of man was one of the four great myths of our times. Indeed there is only too much evidence of aggressive and offensive behaviour, both physically—as by terrorists and some demonstrators—and by the pen which according to the old saying '...is mightier than the sword.'

There is also the matter of personal relationships within the family, in school, in sport and between people of opposite sexes. Without some self-discipline and even some self-sacrifice, these relationships can become unstable and end in unhappiness and even violence.

I believe there is a practical lesson in ethical behaviour to be learned by encouraging young people to develop a concern for the welfare of those less fortunate than themselves and to be able to help people in distress. This can be done by inviting them to give some form of voluntary service in the community. Most young people respond to invitations to help and most of them appreciate that they have to learn how to give that help. The lesson they may learn is that kindness and consideration have positive social values.

Having said all that, I hope it will not come as a complete surprise to you that it is these four aspects of extra-curricular activities to which the Duke of Edinburgh's Award Scheme is directed. It is an entirely practical scheme and it is based on the principle that young people learn by experience. Each of the four sections provides different experiences and they can each teach a number of different lessons. It provides opportunities to take part in sport, to develop a skill, to undertake a demanding expedition, to learn about voluntary service, and there is always a chance that young people will discover something about commitment as a result of their contacts with the many adult volunteer leaders, coaches and instructors who make the whole thing possible.

I want to emphasize that it is not a youth organization. It does not involve membership of any kind; it is simply offered as a service to all young people, whether they are at school, in college or at work, and whether they are members of voluntary youth organizations, or just individual participants. Above all, it recognizes that no single group or organization can do the whole job of helping the young to prepare themselves for the challenges of adult life. That job needs the active collaboration of parents, teachers, voluntary organizations and the churches.

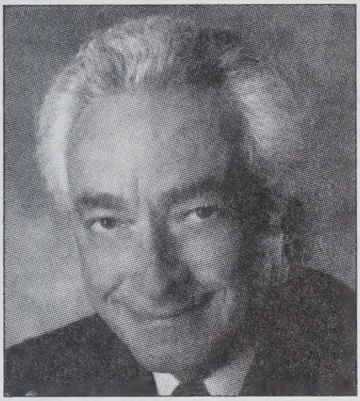
There is, of course, just one more factor. Even though the cost per participant is modest, the Scheme still needs to be financed. Unfortunately, there is one important difference between businesses and charities. The more successful the business, the more money it makes; the more successful a charity becomes, the more it costs. There is no getting away from it; this Scheme can only be made available to more young people if it can attract more financial support.

I would like to acknowledge the many public-spirited personal, trust and corporate donors, who have given such generous support to the Scheme. It goes without saying, that more of such support would allow the Scheme to reach many more young people in Canada.

The Scheme is celebrating the thirtieth anniversary of its introduction to Canada, and the evidence is that it has been generally successful in helping the participants to grow up to be responsible citizens. I have every reason to believe that the formula will continue to be relevant for many years to come.

The appreciation of the meeting was expressed by Col. Frank McEachern, Director, The Empire Club Foundation.

*His Royal Highness Prince Philip shares a lighter moment with Mrs. Jean Casselman Wadds, former Canadian High Commissioner to London, and Charles Dubin, Chief Justice of the Court of Appeal of Ontario.*



October 18, 1993

A joint meeting of The Empire Club of Canada and The Canadian Club of Toronto

## Mel Hurtig

Leader, The National Party of Canada

# A NEW APPROACH TO GOVERNING CANADA

Chairman: **Herbert Phillipps, Jr.**
President-Elect, The Canadian Club of Toronto

### Head Table Guests

Michael Garvey, Partner, Price Waterhouse and a Director, The Canadian Club of Toronto; Barbara Hancock, Founding Member, Board of Directors, The National Party of Canada; F. L. R. (Eric) Jackman, President, Invicta Investments Incorporated and President, The Empire Club of Canada; Anne Libby, Co-owner Libby's of Toronto Art Gallery and a Director, The Empire Club of Canada; Jack Stoddart, President, Stoddart Publishing and Founding Member, The National Party of Canada; The Reverend Shirley Dyck, Glebe Road United Church; Sam Billich, Prudential Assurance Company Limited Life Underwriters and a Director, The Empire Club of Canada; Joseph A. Perna, Executive Director, Canadian Italian Business and Professional Association and a Director, The Canadian Club of Toronto.

### Introduction by Herbert Phillipps, Jr.

Mel Hurtig was born and raised in Edmonton. In 1956 he opened a small book store which grew into one of the largest retail book operations in Canada. Mr. Hurtig sold his book store in 1972 and took on some publishing of Canadian books.

Hurtig Publishers have produced many titles which have won the Governor General's award and in 1975 and 1982 received the Canadian Book Publishers of the Year award as well as other numerous awards and prizes.

In 1980 Mr. Hurtig launched the largest and most ambitious project in the history of Canadian publishing: the $12 million comprehensive *Canadian Encyclopedia* published in 1985 with a new updated and substantially expanded edition in 1988. In September of 1990, Hurtig Publishers successfully undertook an even larger project: a five-volume *Junior Encyclopedia of Canada*, the first ever encyclopedia for young Canadians.

Mel Hurtig's first book, *The Betrayal of Canada*, was published in October of 1991 and quickly became the number one best-seller in Canada. In competition with Canadian, American and other foreign books, *The Betrayal of Canada* is now in its seventh printing since publication.

Mr. Hurtig received Honorary Doctorate of Law degrees from six universities across Canada between 1980 and 1992 and became an Officer of the Order of Canada in 1980. He also received the Lestor B. Pearson, Man of the Year peace award in 1988 and Speaker of the Year award in 1986.

Over the past 25 years Mr. Hurtig has spoken across Canada about economic, social, political and cultural matters and about the future of Canada. In 1985 he formed a new national organization, the Council of Canadians which is dedicated to preserving Canadian sovereignty. There are now over 21,000 members in the COC. In November of 1992 Mel Hurtig was elected leader of Canada's new political party, the National Party of Canada. The Party's first policy book, *A New and Better Canada*, was published by Stoddart in December of 1992 and immediately became another best-seller.

The National Party of Canada has grown very quickly and contested some 171 ridings in the 1993 federal election with candidates in all ten provinces.

Mel is married to Kate and runs a very busy household with eight children. Ladies and gentlemen would you please join me in welcoming Mel Hurtig.

## Mel Hurtig

I was asked by the Canadian Press a month ago about the fact that the RCMP had assigned guards to Kim Campbell and Jean Chrétien and Audrey McLaughlin and then they had just recently assigned a guard to Lucien Bouchard. Then they asked Preston Manning if he would like to have a RCMP guard and he said: "Yes." The Canadian Press phoned me and said, "Mr. Hurtig, has the RCMP offered you a guard?" And I said, "If I had lousy policies like the rest of those leaders, I would want guards as well."

Ladies and gentlemen, we started a new party because we felt that the existing political parties were not doing a good job. We felt that our country was in grave economic and political difficulty. We waited to hear of solutions to the problems that we have—the terrible unemployment, the terrible debt, not only the internal debt but the growing external debt as well, and the terrible poverty.

Isn't it wonderful that you now live in a country the United Nations has just condemned for allowing the degree of poverty that we have with 1.2 million Canadian children below the age of 16 living in real conditions of poverty? We have far too many senior citizens living in poverty, far too many single women living in poverty, and we have an economy that is the only economy anywhere in the entire world that is in the process of de-industrializing.

There are 24 countries in the OECD, the Organization for Economic Co-operation and Development, and now after four years of the Free Trade Agreement of all of these 24 industrialized nations, only Turkey has a smaller percentage of its labour force employed in industry than Canada and Turkey is rapidly catching up with us.

We waited to hear some other answers and we didn't hear them. We could see the integration of Canada with the United States. We could see more and more foreign take-over of our country. We could see the deterioration of east-west and the acceleration of north-south. We could see the massive threat to our Canadian social programs that have long helped make us a very different kind of country, so it wasn't with a great deal of joy that we undertook the idea of starting a brand new political party in a country like Canada that's so big, and so diverse.

To start a new political party 11 months before an election is a terribly difficult thing to undertake and when we started off, we said, if everything went extremely well we hoped that we would run 50 candidates in the federal election. Here we are eleven months later with 171 candidates in all 10 provinces and I'm very proud of that.

We are different from the other parties in a long list of ways and that's one of the reasons we have so many young people in our Party, and it's one of the reasons why over 55 per cent of the people in our Party are people who have never belonged to a political party. I hear people of all ages say, "Mr. Hurtig I never thought I would join any political party but I've just joined yours."

The National Party of Canada is the only party that has promised to bring in legislation to end the corporate expending of lobbying fees. We intend to wipe out the lobbying industry in Ottawa and return democracy to the people of Canada.

The National Party of Canada is the only party that says members of Parliament and senators should not be allowed to set their own salaries, their own pensions and their own perks. We think that the pensions of members of Parliament are grossly excessive and we think there's a better way of doing it. We would take that ability away from the members of Parliament and the senators.

The National Party is the only party that has pledged to strengthen the office of the Auditor General of Canada to ensure that all government contracts are awarded on the basis of a tendered bidding process. This would save billions of dollars, ladies and gentlemen.

The National Party of Canada will ensure that all appointments to government boards, agencies, crown corporations and the like are awarded on the basis of merit instead of on the basis of who gave how many dollars to the Liberal or the Tory Party. The National Party of

Canada would like to take away from the Prime Minister the ability to set the date of the federal election. The Prime Minister of Canada in a majority government is infinitely more powerful than Bill Clinton is in the United States or Mr. Major is in the United Kingdom. We think the Prime Minister of Canada in a majority government is very close to being a dictator. The National Party of Canada will always ensure that all nation-turning issues such as the Free Trade Agreement, NAFTA, constitutional matters, will always be submitted to the people of Canada in binding referendums. We say there should have been a binding referendum on the North American Free Trade Agreement at the time of the federal election.

We say that October 26 was a momentous day in 1992, a momentous day in Canadian history. Here you had all of the elites in Canada on the one side of the Charlottetown debate. You had the Tories, you had the Liberals, you had the NDP, you had the big banks, you had the trade unions, you had the business council on national issues and you had the government and they spent about $100 million. The first poll showed 74 per cent in favour and then on the other side these other people said no and they spent $1–2 million. Guess who won? It was the people of Canada rejecting their elites. We think that was a very important beginning of participatory democracy in this country and we're hoping that October 25, 1993 will continue that process.

I think the funniest line of 1993 was from somebody on the Yes committee when they said, if only the Yes committee had had one more week, we would have lost every province, not just six of them.

The National Party of Canada will take a referendum to the people of the country asking them if they would like to shorten the period of Parliament. We think five years is too long a period in the modern world. We would like to have a period of informed debate and then take it to the people of Canada—would you like to see the period of

Parliament shortened to four years, and perhaps even three years?

We believe that the present political system in this country is very close to corrupt and we want to change federal elections ladies and gentlemen, so that they are dominated by people and not by big money. Our Party does not accept donations from corporations. I just sent back a $200 cheque from my travel agent. We do not accept donations from trade unions. What we would like to see is a situation where all corporate donations and all trade-union donations and all special interest donations are banned from the political process and individual donations are limited to only about $100. We can return the democratic process to the people of Canada so it's not dominated by big money.

The National Party of Canada will ensure the very best access to information of any nation anywhere in the world. We believe that the government's business is the people's business. The National Party of Canada will make available to the press, and hence to the public, the results of all government commissions and public opinion polls paid for by taxpayers the very same instant the poll results are available to the government.

The National Party of Canada will introduce the toughest conflict of interest legislation for cabinet ministers, for MPs, for senators and for public servants of any nation, anywhere in the world. Brian Mulroney promised a conflict of interest bill in 1984, he promised a conflict of interest bill in 1988 and of course we do not have a decent conflict of interest bill. We're going to change that.

I want to talk briefly about tax policies. I find it astonishing and incredibly disappointing that throughout the entire election campaign there has been no substantial discussion of what's wrong with our tax system. In our analysis we show clearly that average Canadians pay way too much tax compared to the citizens of other developed nations in the world. But we also show that big corporations and conglomerates in Canada are not paying anywhere near their fair share of taxes. So let me tell you quickly about some of the tax changes we would make.

The National Party of Canada thinks that the GST is a grossly unfair tax. It's grossly unfair to low-income Canadians, to middle-income Canadians, it's terribly cumbersome for small- and medium-size Canadian-owned businesses to operate, it's also very expensive for the government to operate.

We would cancel the GST within one year of taking office, ladies and gentlemen, unlike the Liberals. Chrétien says, "Well come and ask me after the election." Tonight if you watch Prime Time News, you can watch Sheila Copps say, "I will resign if the Liberals don't abolish the GST," and I say to her, "Okay Sheila tell us when the Liberals are going to do that because we know that what the Liberals are planning is a secret value-added tax that will be a hidden tax that will tax food, children's clothing, books and everything, and that is what they are planning behind closed doors.

We say you should tell people in advance so ask one of our candidates to show you our plan for eliminating the GST. I think you will be very impressed.

Every couple of years the Auditor-General of Canada complains that wealthy Canadians are using tax-haven loop holes in Bermuda, Nassau, Liechtenstein, in Switzerland, and every couple of years, even though the Auditor-General spells it out chapter and verse, the government does nothing. How come I wonder? It's going to cost us $2 billion in 1993 for wealthy Canadians using these foreign tax havens, so why doesn't the government do something about it?

It is fairly simple. The people who use those tax havens are the people who defend the Liberal and the Conservative parties. It is as simple as that. All you have to do is go to Chrétien's office and you will find them all around Chrétien today as lobbyists, and big corporations that helped fund the Mulroney government for years. The National Party of Canada intends to close those tax-haven loop holes, ladies and gentlemen, and then we will be able to reduce your taxes by some $2 billion a year.

Now two years ago, the firm of Clarkson, Gordon which became Ernst and Young, did a study and they discovered that for every single dollar that the Department of Revenue spent auditing the activities of foreign-controlled corporations in Canada, they uncovered $17 in tax evasion and tax avoidance. What did Brian Mulroney and the Conservatives do? They cut back the audits of foreign corporations from seven per cent of corporations to 1.7 per cent. Our studies show that there is lots of substantive evidence to back this up. Our studies clearly show that we Canadians are losing $5 billion a year in lost tax revenue from the activities of foreign corporations, transferring their profits out of Canada before they are taxable here in this country. Guess who it is that has to make up the difference? Every single person here in this room makes up the difference.

I can quote at some length, ladies and gentlemen, an abundant number of proposed changes to the tax system. Our economic plans for Canada that are described in Jobs for all Canadians are by far the most comprehensive of any of the parties.

There isn't time here today to go into them and we will tell you that we do have a full employment strategy; we have a strategy for putting Canadians back to work. If you hear any politicians stand up and say, like Preston does, "Well we can fix the Canadian economy by decapitating our fiscal programs, and by privatizing medicare," and by simplistic things like that, you tell them that they don't know what they are talking about.

One of our finest economists, Michael McCracken of Informetrica, said a couple of days ago that if you follow the route advocated by the Reform Party, you are going to increase unemployment by 375,000. When you increase unemployment you increase unemployment insurance, you increase welfare payments, you increase poverty, you decrease the number of people who are paying payroll taxes and you increase the deficit and you increase the debt.

Our approach is a totally different approach ladies and gentlemen. We are looking at the economy from the point of view of monetary policy, exchange rate policy, The Liberals and Conservatives have dug us into such a terrible hole that what you have to have is a comprehensive economic policy.

The Liberals left the Tories with $187 billion worth of debt. Michael Wilson came along and in his first speech he said these Liberals are incredibly irresponsible, they left us with $187 billion worth of debt and we are going to be the most fiscally responsible government in the history of this country. Not once in the next nine years did they ever get the deficit down below $28 billion and as for the Liberals $187 billion in debt, they added another $288 billion in debt.

Well, we think we have an excellent game plan. It is based on more value-added to our natural resources. It is based on using our own Canadian savings infinitely better than we have in the past. It is based on a wonderful, wonderful game plan to assist small- and medium-size Canadian-owned businesses who we think are becoming the real engines of growth in the Canadian economy. It is based on a totally different monetary policy than the one followed by John Crow.

I want to end by talking about two other issues. We have a very strong environmental program. There is no time to describe it here in detail, but I do want to take this occasion to condemn the government of B.C. for allowing what they have allowed to happen in their province. It happened in Victoria just the other day. I was recently in Nanimo, ladies and gentlemen, and we see trees this big around being shipped out of B. C. with a tiny sliver this big being taken off them and being called Princess Logs. The trees are being loaded on to ships in English Bay and they sail off to Tokyo. When they get to Tokyo there are no trees on board any more. There are doors and window sections.

In California they get five jobs for every 1000 m3 of timber that are taken off the land. In B.C. we get one job. Now what we have developed in this country under Liberal and Conservative governments is a philosophy of haul them in, chop them down, dig them up and ship them out of the country as quickly as possible.

What we should be doing with our natural resources is creating more value-added. If B.C. had a wooden furniture industry, a wooden flooring industry, a wooden portable building industry, we would not have to cut down 1,000-year-old trees in Clatquat.

And for the B.C. government to buy a share of MacMillan Bloedel and then give MacMillan Bloedel a license to clear cut in Clatquat Sound and then for the B.C. government to instruct the Attorney General's Office to charge those protesters who are involved in civil protest under the criminal law, instead of the civil law, and sentence people to 45 days in jail and big fines, I think is one of the most blatant conflicts of interest I have ever seen of any government in Canada. I hope each and every one of you will take the time to write to Mike Harcourt and say, "Mr. Harcourt, we do not appreciate that kind of democracy in this country."

Lastly, but not by any means last in any order of priority, I want to say a word about the role of women in Canadian society. Few people know this, but most of the jobs lost since the Free Trade Agreement came into effect in 1989, have been lost by women. A very large percentage of women in Canadian society today are suffering intense hardships. Women are often paid only 65 to 70 per cent of the salary that men receive for doing identical work. Women are forced to struggle with oppressive violence in society and stress. The National Party of Canada is committed to making life fair and safer for Canadian women beginning with our absolute, irrevocable commitment to funding a national child-care programme that will equal that of any country anywhere in the world.

I also want to tell you today that in the long over-due reform of Canada's tax system, we are the only party that is calling for a royal commission on taxation and I think that is long over-due. I see so many inequities in the tax system. I think it is time we did another one of those royal commissions. The National Party of Canada intends to properly redress the inequities suffered by older women and by divorced women who now receive support payments. And just to be clear about our commitment to women in Canada, the National Party of Canada supports the implementations and the recommendations by Madame Justice Bertha Wilson to reform the justice system to make it safer and much more responsive to women in Canada.

I am proud of the wonderful women in our Party—our superb women candidates, my wife and some of my daughters, my wonderful campaign manager and the thousands of Canadian women who for the very first time ever have joined and become active in a Canadian political party. I believe that if more women became active in politics in Canada we would soon have a new and a better country. Thank you very much.

The appreciation of the meeting was expressed by Dr. Frederic L. R. Jackman, President, Invicta Investments Incorporated and President, The Empire Club of Canada.

Mr. Hurtig—it is my honour to thank you on behalf of the members of The Canadian and Empire Clubs and their friends.

Your words are challenging indeed. You have presented another view—another way to Canada's future. That you should be able to hold our audience so attentively is a tribute to your power of delivery. What was left out of the introduction was the fact you are an award recipient from one of the world's most recognized speaking organizations. You received the Toastmaster's International Communications and Leadership Award (1986).

I know that you believe that this is a wonderful country and that it can be made better.

It's a country, in which, after such a successful career as a book retailer, publisher of Canadian history, particularly two sets of Canadian encyclopedias, one can look around for yet another line of work. We are glad that you found politics even though it doesn't pay too much—but you do provide for us another perspective on what you and the National Party of Canada believe would make a better Canada. Thank you for your insights.

*Past President John Bankes, guest speaker Pierre Desjardins and Club Treasurer, Diana Chant.*

October 22, 1993

A joint meeting of The Empire Club of Canada and The Canadian Club of Toronto

# The Rt. Hon. Kim Campbell

Prime Minister of Canada

## MY VISION OF CANADA

Chairman: **Isabel Bassett**
President, The Canadian Club of Toronto

**Head Table Guests**

Herbert I. Phillipps Jr., Vice-President, Trust and Securities Services, Royal Bank of Canada and President-Elect, The Canadian Club of Toronto; Denise Cole, Progressive Conservative Candidate, Beaches-Woodbine and a Director, The Empire Club of Canada; Reverend Patrick Paas, All Nations Christian Reformed Church; Delores Lawrence, President and CEO, Nursing and Homemakers Inc. and President, African Canadian Entrepreneurs; David MacDonald, Member of Parliament, Rosedale; Sharifa Khan, Executive Vice-President, Balmoral Communications Inc. and Vice-President, The Canadian Club of Toronto; Eric Jackman, President, Invicta Investments Incorporated and President, The Empire Club of Canada; Libby Burnham, Q.C., Counsel, Borden & Elliot and a Director, The Canadian Club of Toronto; Teresa Wong, Investment Adviser, Nesbitt Thomson Inc., Governor, Sheridan College and President, Mississauga Chinese Business Association; John Bankes, President, Nova Bancorp Group and a Director, The Empire Club of Canada.

**Kim Campbell**

This is an important time in Canadian history. On October 25, Canadians will elect a prime minister and a government. The vision of that prime minister will set the direction for Canada in the 1990s and that is why today, as the Prime Minister of Canada and the leader of my party and as someone who is seeking a new mandate from the Canadian people, I want to share with you my vision of our country, the challenges that I see for Canada, and the direction that I will give to Canada if Canadians give me a mandate on October 25.

As a Member of Parliament, as a Minister and as a Prime Minister, I've had that rare and wonderful privilege of seeing our country whole. Not just geographically but in terms of its people. We have created in Canada a unique social and political culture. There are many different ways of being Canadian. But there are essential values and ways of doing things that tie us together. Canada is not just that part of North America, that isn't the United States or Mexico. We are not just some corporate convenience, we are not just a place that issues postage stamps or passports. We are a place of real worth, of real accomplishment. Barbara Ward, the great British thinker, once described Canada as the first international country, and she wasn't just talking about our make-up as a country, she was talking about the way we relate to one another, and how we reach out to the world.

In this very large and challenging land, we have needed our neighbours. In Canada working together was much more than just a choice, it has meant survival. The defining moments of Canadian history have reflected those times when the virtues of reaching out and seeing the larger vision have shone through. Confederation itself was an example of that. Building the railroad which brought my own province into Confederation, creating medicare for every single Canadian man, woman and child, and inventing peace-keeping for the whole world are other examples.

We have also seen a different kind of vision in Canada. A tendency to act in narrow, local terms, to form into factions, to fight for a cause, more than a country, are the easy politics of pitting region against region. We have survived that darker side of our history, but only because individual Canadians have been willing to stand up and fight for the larger Canada. For the larger vision, for the Canada that reaches out with confidence, the Canada that stands firmly against the forces of resentment and revenge, we need that large Canadian spirit more than ever today.

Economically, we are facing competition from countries that we had hardly even heard of a decade ago. The world doesn't just automatically buy our products the way it used to. We can't simply take for granted the prosperity of our children. In a changing world, Canada cannot stand still, we cannot except the status quo.

Society is changing too. We see changing family patterns, an aging population, and the very pervasive influence of mass communications on our values and expectations. The world itself is hardly recognizable from what we took for granted about a decade ago. We've seen the end of the Cold War, but in its place, we have more real wars now. International institutions like the United Nations that were made ineffective by Cold War realities are now struggling to come to terms with these changes, struggling to find the capacity to act. Governments themselves are under attack all over the world and particularly here in Canada. They are under attack by populations that are more informed, more assertive than ever before. The challenge today is not for Canadians to catch up to government. But for government to catch up to Canadians.

How can we respond to the challenges of the nineties?

I believe that our approach must be based on realism, co-operation and putting people first. We can't succeed by pretending that the old black and white distinctions still exist or still matter. We are beyond ideology as an economy and as a society. Deficits do matter. Jobs matter. Taxes matter. Social programmes matter. They all matter and each can only be addressed by addressing the others. To say that this era of tax-and-spend government is over is not statement of preference, it's a statement of the modern Canadian reality. We will suffer as a country if we do not elect a government that accepts that new reality.

In the course of this campaign I have set out a clear vision of what I think the government's priorities on the economy should be. And I give them, not in any particular order.

First of all, we need to hold the line on taxes because this country simply cannot afford to pay more taxes. Taxes kill jobs and Canadians are already taxed to the limit of their ability without destroying our economic productivity and our competitiveness.

We need to commit to eliminating the deficit. Why? Because unless we eliminate the deficit we would deny our children all that we worked to create. We will deny them the capacity to be the caring society that we know Canada must be. We will deny them the opportunity to make choices in the democratic arena, because all of those choices will be made by a fiscal necessity brought on by the crisis that will surely come if we do not once and for all stop the growth of that snowball known as the national debt.

We must also stimulate economic growth and job creation through four areas. In training and education, never before have Canadians had a greater need of government's good offices and strategic planning and providing them with the tools to participate meaningfully in the labour force.

We need to support small business, that sector of the economy that is creating the most jobs in Canada and that suffers from a chronic shortage of capital.

We need to support our exports, not only to secure access to export markets around the world, moving beyond North America into the Pacific Rim and further into this hemisphere, but we also have to ensure that Canadian businesses maximize their capacity to export. Thirty per cent of our wealth today in Canada is earned by exports and there is much more potential there. In a country like Canada, a tiny population and a huge land mass, we can never sustain the standard of living that we enjoy today unless we trade with the rest of the world.

And finally, investment in science and technology, supporting research and development. We are a country that has built our economy on natural resources. But the natural resource that will secure our well-being and our prosperity in the 21st century is the natural resource of our intellect, of our creativity, of our innovations, and we have to make sure that we are applying that creativity to the challenges before us and that we commercialize the results here in Canada. Innovations and ideas that are created in Canada must come to the Canadian marketplace and create jobs in this country.

We must also enter a new era of federal-provincial relations. We need a national fiscal plan. It is no longer possible for us to deal with our debt and deficit problems unilaterally, one level of government at a time. We don't just have a $32 billion federal deficit, we have a $60 billion national deficit. Our federal and provincial governments' deficits taken together are putting the pressure on long-term interest rates in this country, driving up the cost of capital and killing jobs in Canada.

We need to work with the provinces to reform our social programmes, to make it possible for Canadians to get out of the cycle of dependency and back into the labour force. We need to eliminate the overlap and duplication between our levels of government. It is time to stop elbowing one another out of the way and fighting over jurisdictional turf and pride of place. It is time to remember that we are all here to serve Canadians.

I am the first Prime Minister of Canada to have served at three levels of government. I think that it is very important that we remember that division of labour is not there to satisfy our egos or our desire to exercise power; it is there to serve Canadians well.

My party is the only party in this election that has set forth a plan based on this balanced approach. If we follow this programme we will see immediate improvements. We are seeing immediate improvements. But we will also be able to enter the 21st century which is only a short time away, as a country that is finally paying down its debt, with unemployment considerably diminished and Canadians optimistic as they look to a future which they then will come to see as brighter than the past. Unless we meet our economic challenges we will be hard pressed to meet our social challenges. Economic scarcity exacerbates the tensions and strains in society at the same time that resources are limited to deal with those stresses and strains. And this brings me to another theme of our campaign—doing politics differently.

There is absolutely no question that Canadians are feeling cynical and alienated from governments, from politics and from politicians. It is a phenomenon that is not limited to Canada, but that is no comfort to us. We hear the question around the world, where are the great leaders, and everywhere there is a lack of confidence and trust in political processes. As I said before, the challenge is for government to catch up with Canadians and that is why I put such a high priority on democratic reform. Canadians believe that politicians are out of touch, and in many cases they are right. Perks and special privileges represent to Canadians the self-serving use of power by those who get to make their own rules.

And that is why I have tackled this issue so strongly; by committing to bring MP's pensions into line with pensions in the private sector; to do away with the practice of members of parliament and others collecting government pensions and government salaries at the same time; to do away with the subsidized perks on Parliament Hill; and most importantly perhaps, to tackle that fundamentally troublesome issue of patronage. Two weeks ago in Canada, for the first time in our history, positions were advertised that up to now have been the prerogative of governments and have been patronage appointments. They have now been advertised so all Canadians are aware of them and can apply if they are interested. Canadians are looking for a new standard of openness and integrity in government. And that is why I have begun my efforts to try and create confidence in the political process.

I have also begun my efforts to eliminate the deficit by cutting government costs. Too often Canadians believe we go after the little person, that we go after them when we are looking to cut our expenditures, and never tackle the costs of our own institutional structure. On June 25, I launched the most significant restructuring of the Canadian governments since Confederation. That is why I have launched a war against waste, duplication and inefficiency in government.

But the time has come to translate our anger and our frustration with the political process into a sense of common purpose. I have heard what Canadians are saying and I believe that the political process can win their confidence.

Confidence in the political process is essential if we are to meet the challenges that face us. We need a politics of inclusion, so that all Canadians can see themselves reflected in the political process. This has the effect of broadening the mainstream of Canadian society rather than reinforcing particularities. In my view, the purpose of our policy of multiculturalism is to break down the barriers to full participation, rather than to perpetuate differences.

There are some issues with respect to the political process which will require constitutional changes. But I believe that we need to swing away from the notion that codification is the most important goal. After the patriation of the Constitution in 1982, and the creation of the Charter of Rights and Freedoms, there came to be a belief in Canada, that unless rights and hopes were reflected black and white in the Constitution, they didn't exist. But that ignored the extent to which we had developed ways of living together in this country, and the ways we had used the political process to protect our rights and to protect the ways we want to live together without constitutional change.

At this time, when there is absolutely no taste for constitutional discussions, I think we should move to exploit the silences in our Constitution. Where the Constitution is silent, it is open to government to act in ways that serve people, rather than protect jurisdictional turf. There are important issues that remain, but if we use the resources we have and work creatively and positively, we may be able to simplify the agenda and also create an environment where future talks can succeed.

I believe that it is important to restore hope and confidence to Canadians so they will not be tempted to shy away from their role in the world. In the post-Cold War period I think we need to redefine our national self-image. In the era of nuclear stand-off, nuclear stalemate, Canada was seen as a middle power, but I believe in the post-Cold War era that Canada sits in the world as a major power. We have a unique position, we are the most multi-laterally linked of all countries in the world. We belong to all the important multilateral organizations: le Francophone, the Commonwealth, the Organization of American States, NATO, the United Nations, OECD and many, many more.

This is a position that enables us to play an important role in helping the world to come to grips with the post-Cold War challenges, the challenges to create a new world order, the challenges that I have addressed with world leaders at meetings of the G-7 recently in the United Nations. Canada has a fundamental role to play and this is no time for us to pull back on those challenges. Because we can not escape the effects of international instability, it is in our self interest as well as the interest of the world that Canada play a strong role in redefining international organizations and in making them serve the world as they should.

So where does this bring us with respect to the election of October 25. I think first of all we should think about the importance of national political parties. We need the broad Canadian vision more than ever before, and I believe we need national political parties more than ever before. Parties that bring people together from all parts of this country, from all walks of life, to share the appreciation of one another's humanity, to come to understand one another's reality, to come to forge a sense of national vision.

My party prides itself on being a reflection of the country. My party prides itself on bringing together all kinds of Canadians, to create that sense of vision. We also face the phenomenon in this election of the protest vote, many people who are voting against something rather than voting for. Last night CTV said that 50 per cent of the people polled were unhappy with their voting preference. This is an extraordinary thing to say, that people are still feeling ill at ease, uncomfortable with the choices before them in the political arena. The phenomenon of protest voting in Canada is not new, it has been with us right from Confederation. It is also understandable and I've spoken of my own response to that anger and frustration and the importance of re-establishing the confidence and integrity of the political process. But protest voting is not risk-free.

It can be very costly, and no one knows that better than Ontarians, who in 1990 lodged a protest vote.

There is so much uncertainly out there in the electorate, because we are seeing a vote that is softer and more volatile than I think any of us can remember in recent campaigns or perhaps ever in history. Perhaps it reflects what we have seen in recent elections in the United States and Great Britain. This weekend Canadians should be asking themselves some fundamental questions. First of all, do they think that the answer to unemployment is to spend public money on temporary jobs as the Liberals propose? Can Canada afford to allow deficits to continue indefinitely, as the Liberals propose? Can Canadians afford to pay more taxes? Only the Progressive Conservative Party has firmly committed not to raise taxes and not to create new taxes. Must we seriously slow economic growth to eliminate the deficit as the Reform Party plans would do?

The name of our party is the Progressive Conservative Party, and I take that name seriously. Our goal is to conserve our Canadian values, the values of freedom, equality and tolerance; what we sometimes call the values of sharing, caring and daring. We are a party with a national vision. But my purpose is also to be progressive, to bring government to people and to bring people into government. To be activist in the economy where action is necessary to create jobs. To be progressive in preserving our social programmes so we can continue to serve people in need. Canadians will make a choice on October 25. The choice for October 25 and every day after. We are not sending a signal, we are choosing a future. Never in our history has a politics of division been so dangerous. If I believed that the modern Canadian balance was being put forward by other parties I would not be making the arguments I am making today. Our future lies in choosing a government and a direction that can maintain the precious Canadian balance in these modern Canadian times.

A balance between caring for each other and balancing the books. A balance between good economic policy and civilized social policy. The balance that comes from bringing all of the regions and all Canadians and all realities together to bear on governments, on leadership.

I believe that public life is a noble calling. I believe that democracy matters. Across this country Canadians are struggling with a choice of whom to entrust with the task of leading our democracy in the 90s and the 21st century. I believe it is important that our country retain that larger vision.

On July 1, I had an extraordinary and magnificent experience. I started the day (just six days after being sworn in as Prime Minister) on Signal Hill in Newfoundland, at five o'clock in the morning where the sun rises on our country. I stood on that windy place at dawn listening to a choir of young people sing O Canada and then sing a wonderful song that I hadn't heard before, the Ode to Newfoundland, and I was struck by how many different ways there are to be Canadian and how pride in one's province, pride in one's place of origin is not inconsistent with pride in being Canadian.

It was a wonderful experience and I got on the plane and came to Ottawa where for the first time I had the opportunity to participate in Canada Day Celebrations on Parliament Hill. And those of us who work on Parliament Hill take for granted those piles of rock where we have our offices, and pass every day and yet for many Canadians those are the physical symbol of our democratic heritage. I was struck by how many Canadians come from all across the country to celebrate our country's birthday on that piece of geography. And I had the pleasure of sharing that with them and then I got on the plane again and went to the place that I usually am on Canada Day—my own riding of Vancouver Centre, where the sun sets on the country, to share Canada Day with those who had sent me to Ottawa. I thought, what a wonderful experience to be able to see the whole country in one day.

This country is something of value, it is something of enormous worth, it is a country that has the opportunity to show the world what people can do when they come together to solve their problems and forge a future with a large vision, a vision of generosity, a magnanimity of spirit, a vision that looks to the future, that looks to the long term. I believe that my vision offers Canadians that chance to build for the long term and I and my candidates are deeply committed to working after October 25 to keep this country together to make it prosper and to ensure that those millions of Canadians who aren't old enough to vote will inherit the kind of country that we inherited. On October 25 I hope that this country will be proud of the Parliament that we will create.

Thank you very much.

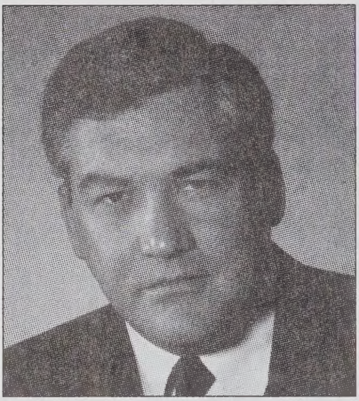
The appreciation of the meeting was expressed by Frederic L. R. Jackman, President, Invicta Investments Incorporated and President, The Empire Club of Canada.

Prime Minister, on behalf of The Empire and The Canadian Clubs, it is my honour to thank you for your thoughtful and detailed address. Your remarks tell us of sensible policies for a united Canada, policies of fiscal prudence including deficit reduction, policies which describe appropriate job creation and compassion in social programmes, policies for the protection of our people, our country and our environment. On behalf of the audience I would like to thank you for the clarity of your party's vision and the integrity with which you present it.

But what goes too often unsaid is that we truly do appreciate your commitment to being a politician in our democracy. The same can be said for the other politicians in the room and those at the head table. No one knows better than you and the rest of you who are working at this job the personal sacrifices that you encounter as you travel across the country, living out of suitcases, and snacking on a constituency cocktail food, and giving speeches.

But more than anything else, we appreciate your desire to share with all of Canada your plans for our tomorrow. The fact that you criss-crossed Canada in the spring in your successful pursuit of your party's leadership and now are doing it again, in this federal election, shows a most remarkable stamina and dedication to our country. We acknowledge Prime Minister the sacrifices you have made on our behalf and we know how much you care and we thank you profoundly. We are pleased that we are now able to provide you with a good meal, prior to your airplane snack as you fly west to Winnipeg this afternoon. We thank you for your courage and your dedication and we wish you good luck at the polls next Monday.

*Left to right: Isabel Bassett, President of The Canadian Club of Toronto; the Rt. Hon. Kim Campbell, P.C., Leader of the Conservative Party of Canada and Prime Minister of Canada; Dr. Frederic L. R. Jackman, O.St.J., Ph.D., President, The Empire Club of Canada.*



November 2, 1993

A joint meeting of The Empire Club of Canada and The Canadian Club of Toronto

# The Hon. Conrad Black

Chairman and CEO, Hollinger Inc.

# POST-ELECTION PROSPECTS IN CANADA

Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

**Head Table Guests**

Herbert I. Phillipps Jr., Vice-President, Trust and Securities Services, Royal Bank of Canada and President-Elect, The Canadian Club of Toronto; Faith Holder, grade 13 student, Oakwood Collegiate Institute; Patrick Keenan, Chairman, Keewhit Investments Limited and Chairman of the Board, St. Michael's Hospital; Anna Porter, Publisher and CEO, Key Porter Books; Paul O'Donoghue, Chairman and CEO, Marsh & McLennan; Barbara Amiel, Journalist with the London Times and writes a regular column for MacLean's Magazine; His Eminence G. Emmett Cardinal Carter, C.C., Archbishop Emeritus of Toronto; Montague Larkin, Chartered Accountant and Honorary Director, The Empire Club of Canada; Delores Lawrence, President, Nursing and Homemakers Inc. and President, African Canadian Entrepreneurs; Douglas Knight, Publisher, The Financial Post; Dixon S. Chant, Deputy Chairman, Hollinger Inc.; Rose Wolfe, Chancellor, University of Toronto; Senator Trevor Eyton, Chairman, Brascan Limited; Isabel Bassett, President, The Canadian Club of Toronto.

## Introduction by Dr. Jackman

Perhaps the best way to listen to Hallowe'en stories is in a small group crouched around a camp fire. So, when we encounter an audience as grand as we are today, we know we are either going to hear some extraordinarily true tales or that we are in the presence of a remarkable person, or perhaps both. Even if we can't sit close to our guest speaker, we know that we are in his presence. We can say, "We were there."

Of course, this remarkable person is none other than The Honourable Conrad Black, Privy Councilor, Officer of the Order of Canada, holder of several Honorary Doctorates of Law and Literature, and the humble writer of his own half-life autobiography, *A Life in Progress*. Mr. Black is known for his love of language, his fiery dialogue, his jarring putdowns, his eloquent debate and the power of his pointed pen. When one combines his appreciation of military history with his fascination with words, we know, indeed, that Mr. Black's pen will be mightier than the sword.

By purchasing some of the world's most influential newspapers, Mr. Black has created a potent army with which to dispense news and opinion around the world.

In the recreational game of Risk, world dominion is the goal. One achieves dominance by placing one's forces on different continents and then monopolizing those continents. For those of you who know the game, you will recognize Mr. Black's strategy when I tell you he has armies—excuse me newspapers—in North America, Europe, the Middle East and Australia (over 325 in total).

But to retrace his footsteps, as a young boy, Mr. Black rebelled against unfair school punishment. At Upper Canada College he subverted the life of the school in retaliation and thereafter was invited to seek an alternative institution for his teenage education.

After a half-hearted, but successful, attempt at obtaining his Bachelor of Arts degree from Carleton, he decided to study seriously. He moved to Montreal and completed his law degree in French at Laval University. Afterwards, at McGill University, he completed a Masters degree in history in 1973. During this period, Mr. Black, with Peter White and David Radler purchased the Sherbrooke Record, a Quebec newspaper for $18,000—only to sell it eight years later for 48 times the 1969 price ($865,000).

To this point, Mr. Black was considered by some to be a difficult and somewhat wayward boy. But in the next few years he became intensely involved with Quebec political life and established himself as a serious writer and biographer. His book on Premier Maurice Duplessis is considered by many to be the definitive work on that extraordinary politician, published in 1977 and for which he was, two years later, conferred Honorary degrees by St. Francis Xavier, McMaster and the University of Windsor. More recently, he has been similarly honoured by Carleton University. Most recently, he received two of Canada's highest honours, the Order of Canada and membership in the Privy Council of Canada.

Today, Mr. Black is perhaps Canada's best known businessman. He has become a folk hero and the subject of a Peter Newman biography, *The Establishment Man*. He is unusually open about himself and his opinions. Always concerned about Canada, today he will address us on the topic everyone is preoccupied with: Post-Election Prospects in Canada.

Would you welcome The Honourable Conrad Black.

## Conrad Black

No new Canadian government has entered office with less public enthusiasm in my lifetime than Jean Chrétien's, not even Joe Clark's in 1979. Certainly there is no sign of the general excitement that greeted Louis St. Laurent and Mike Pearson or the euphoria that accompanied the elections of John Diefenbaker, Pierre Trudeau and Brian Mulroney.

I must say however I am well pleased with the result of the election, not for reasons of partisanship and despite the defeat of many friends in several parties. I see it as a second step, last year's Referendum having been the first, in Canada's rejection of a national political orthodoxy that the people know has failed. Almost as important as the rejection of that orthodoxy is the rejection of a political leadership class that has for the most part with, I'm sure, good intentions imposed and lived off that orthodoxy for decades. The incoming government may not in itself be exhilarating, but I think that the challenge of trying to find a new workable basis for our nationality is.

Not surprisingly for a country which was founded as a demarcation of spheres of influence between the British and Americans following the stalemated War of 1812, Canada's rationale as a country for most of its history was the combination of the British connection, the French fact and a diffuse fear of the United States. As the British connection declined and the French fact became more disruptive to Canada, the political, bureaucratic, academic and journalistic elites of this country informally developed the myth and I'm afraid it was a myth, starting about 30 years ago, that Canada's raison d'être as an independent country vis-a-vis the United States was to be more caring and compassionate than the Americans, which inevitably meant more socialistic. In fact, the United States has a much better philanthropic and voluntary record than Canada, but this was the political orthodoxy we are only now rejecting.

In its early phases this was a concept based on stricter gun control and more generalized access to medical care in Canada than in the United States. It shortly became a pattern of steadily more generous wage and benefit packages, especially after Mr. Pearson recognized the most militant federal public service unions and made his infamous concessions to the Seaway workers.

As the Federal Government, under Pearson, Trudeau and Mulroney, became steadily more preoccupied with buying Quebec's affections, social programmes multiplied, new categories of disadvantaged persons were endlessly identified, lionized and materially placated.

In 1969, when Jean Chrétien was Pierre Trudeau's minister responsible for native people, he required each new employee of his department to sign a form acknowledging that he might be laid off because it was the government's announced intention to close down that department. Instead, it has proliferated and multiplied over these many years and now costs almost $20,000 for every designated native man, woman and child in Canada.

With the public sector showing the way, the private sector in Canada rewarded its employees with a generosity that bore no resemblance to productivity increases. We retained our supposedly competitive status opposite the United States by more or less steadily diluting the value of our currency compared to the U.S. dollar, on average about four-fifths of a cent per year for nearly 35 years.

Under Pierre Trudeau, the power of the federal state was vigorously defended against regional pressures, especially Quebec nationalists, as necessary to continue the source of these great socialistic benefactions. The process reached its logical official climax in 1982 when Trudeau succeeded in inserting in our patriated constitution as a raison d'être of Canada the pursuit of regional economic equality.

This was an insane conception, but I recall little public dissent from it at the time other than from my wife as she has become and myself. Geography can not be repealed and people must move to resources, not the reverse. Canada assumed the burden of Sysyphus. The result was that Canada became a high-tax, high-debt, high-unemployment country. Since much of the deficit spending that has given us the highest foreign debt of any developed country was run up to buy Quebec's adherence to Canada, it is galling to hear Jacques Parizeau express reservations about Quebec continuing to be a part of such a debt-ridden country as Canada has become. Quebec will not escape its share of that debt so easily.

Under Brian Mulroney, in addition to the unbearable burden of transfer payments, the provinces, the "ten satraps" as Mr. Diefenbaker called them, were to be rewarded with a vast devolution of jurisdiction. The Charlottetown Accord, rejected in the Referendum of October 26, 1992, would have left the provinces in control not only of education, property, civil rights, most social programmes and natural resources and labour law, which they already possessed, but also the Supreme Court, the Senate, much of immigration and telecommunications and, ultimately, the selection of the Governor and the direction of the Bank of Canada.

By rejecting this federal self-dismemberment last year, the Canadian public not only declared the desire of English-speaking Canada to retain a functioning state, it announced, without being at all belligerent or antagonistic to Quebec, that it would not countenance any more jurisdictional concessions to Quebec or any other province to retain apparent adherence to a nebulous, shrinking notion of Canada.

Canadians also rejected the entire governing political class. All three established federal political parties and all ten provincial governments had recommended adoption of the constitutional proposals. The then prime minister had suggested that a negative vote was an act of "treason" by an "enemy of Canada." That 54 per cent of Canadians voted No convinced me that the people knew that this endless fraudulent process of trying to buy support with squandered jurisdiction and borrowed money had to end. Where Pierre Trudeau tried to buy Quebec with Ontario's and Alberta's money, Brian Mulroney added the incentive of conferring sovereignty in all but name.

Brian Mulroney had an unambiguous mandate in 1984 to govern with fiscal responsibility and to end favouritism to Quebec. He finessed the 1988 election with free trade, but when he was judged not to have honoured his mandate, his English-speaking conservative supporters deserted him. He was thus unable to sell his constitutional decentralization to them and his nationalist supporters in Quebec, who had only been masquerading as conservatives, deserted him also. He bequeathed Kim Campbell a torso without limbs.

All three parties were complicit in this endeavour to bribe Quebec with borrowed money and irreplaceable constitutional powers.

Not since the disappearance of the British and American Whigs in the 1850s and 60s, has a major English-speaking country eliminated a national political party. That so forbearant a people as Canadians have virtually destroyed two of their three parties is convincing evidence that they realize that that policy has failed.

I would be remiss, and would shortchange us all, if I failed to celebrate with you the utter decimation of what still, after more than 30 years, calls itself the New Democratic Party, almost as great a misnomer as the Cooperative Commonwealth Federation which preceded it. The voters of Ontario, especially, demonstrated that they know the difference between a social contract and simple, monstrous mis-government. They know, and will show at the next provincial election, that delivering over the entire process that operates in every business, of dividing reward between labour and capital, wholly to Ontario's unions, and driving out of Ontario half a million jobs and billions of dollars, is not a social contract. They will not judge crushing debt and confiscatory taxes in exchange for a deteriorating education system and health services, a social contract. The destination of most of the money earned by Ontarians must be determined not by the premier of the province, but by the people whose earnings and income it is. To exchange job security for wage caps in the public sector after one of the richest jurisdictions in the world has been driven to within sight of insolvency is not a social contract. It is a calculated onslaught on the dignity, birthright and well-being of every citizen of this province.

Like prisoners marking off the days to their release, Ontarians may count out the days to the end of Bob Rae's perfidious regime.

Canada's institutionalized compassion was, in the terms of the workplace, counter-productive. The benefit of the fiscal handouts was transitory but the resulting debt has hobbled us. And the apotheosis, the epiphany of caring Canada was the pandemic of political correctness, the mission conducted by almost every government in Canada under every bed and behind every bush, to search out and sanctify victims. What began benignly as solicitude for the disadvantaged shortly became a dragnet for the aggrieved, even those whose grievances had to be induced to consciousness after years of unvindicated sublimation. Every regional, sexual, physical, ethnic. demographic and circumstantial shortcoming has enjoyed an endowed martyrdom. The power to value and reward work has been largely usurped from the employer by the government of Ontario and other provinces under a raft of pay equity rules. The right to hire and promote on merit has been superceded by quotas. The hectoring, Orwellian presence of the state and its volunteer auxiliaries, hounds not only the cigarette smoker and the impatient motorist, but the devotee of the ethnic joke, the amateur of traditional folklore, such as those wishing to see the authentic musical *Showboat* and almost anyone with a lingering nostalgia for the efficacy of the free market.

Billions have been ineffectually hurled at the native people, many of whom officially share ownership of reservations but are in fact imprisoned in the hopeless welfare camps located there. Short of giving them back the entire country, we will never make a restitution that will salve the consciences of the authors of these programmes, but we could surely give them a better return on our money than we have done. We have compensated the Japanese-Canadians, apologized to the Italian-Canadians, piled official commissions and reports on ourselves, which have denounced our society as racist and violent. Most recently a royal commission has suggested an oath for all adult Canadian males of non-violent intent towards women, and neighbourhood violence watches to incite denunciations and promote local vigilante investigations of alleged violence against women.

Canada has become the world's most politically-correct country and has transformed itself into an international laughing stock. Each new outrage of authoritarian meddling is received with shrieks of amusement in informed European and American circles. The presenter of the satellite telecast in Great Britain of the recent World Series referred to Toronto as a city so dour, regimented and unspontaneous that its civic motto should be "Thank God it's Monday." Viewed more closely, this earnest Canadian social democracy is a good deal less amusing, and I think most Canadians have had enough of it. I think that was an unjustly severe view of Toronto but surely this is not the status we have striven for in the world for all these years.

The success of the Reform Party shows that the people are exasperated with politics that consist of imposing behavioural norms and rules on a democratic electorate. Not five per cent of our countrymen believe that our political leaders have any real standing to prescribe what we should think or do. The collapse of the Progressive Conservatives indicates the country is disgusted with a party which calls itself conservative but is in fact socialist. We have Bob Stanfield and Dalton Camp, not Pierre Trudeau, to thank for the insanely profligate idea of the Guaranteed Annual Income, a salary for anyone who survives childbirth. Bill Davis not only stole Steve Lewis's clothes, as was said of Disraeli and Gladstone, he wore them. We couldn't get him out of them and some of us tried. And the consequences of Red Toryism are heavy upon us today.

Looming over Canadian public life throughout these 30 years has been the status of Quebec. I am one of those who believes French-Canadians had just grievances about their position in Canada and that English-Canadians very conscientiously addressed those grievances. When Robert Bourassa invoked the Notwithstanding clause in 1989 to overturn the courts, gut Quebec's Charter of Rights and Freedoms and render the English language invisible in Quebec, to subject it to the oppressions of Quebec's language policy even, as Mordechai Richler pointed out in the New Yorker, the chalkboard bilingual sidewalk statement of a restaurant's daily special, it was the end of the line. As he did so Bourassa acknowledged Quebec gained over $8 billion per year from federalism.

Quebec must decide if it is part of Canada or not. Canada is prepared to offer a pan-Canadian status for French and powers for Quebec quite sufficient to assure Quebec's legitimate aspirations. In my years in Quebec, what most impressed me about Quebec nationalists was that I never met one who could conceive of the idea that there was such a person as a Canadian who felt as patriotically about Canada as he felt about Quebec. Quebec's problem with Canada today is not grievances but lack of respect, and who can blame Quebec for that, given Canada's political record in recent years. The solution to Quebec's uncertain status is not more concessions, Canada has made quite enough of those, but an enhanced level of Canadian political leadership and governance. If we are embarrassed at Canada's political leadership, should we be surprised that the Québécois are also?

With appropriate political leadership, the goodwill of most English-Canadians will probably be reciprocated by most of our French-speaking compatriots. Maurice Duplessis used to say that the nationalists of Quebec were "like a ten-pound fish on a five-pound line." They had to be reeled in and let out very carefully, but they are no longer on that line. We are and that is how the Quebec nationalists have been playing English Canada. This too must stop.

Quebec's choice will be between a co-equal status in a Canada which actually functions and is not just a permanent squabble between concurrent jurisdictions, and a realistic version of Quebec's independence. This version will not be Rene Lévésque's and Jacques Parizeau's and Lucien Bouchard's fairyland of sovereignty-association.

If Quebec wants independence, it will assume its per-capita share of the federal debt. All Quebec counties which vote to stay in Canada can. Federal claims on northern Quebec will be asserted, and independent Quebec can negotiate its own currency and trading arrangements and not piggy-back on ours. Federalism's merits are obvious and shouldn't be promoted by recourse to bribery and blackmail. Properly explained, as part of our desire to share equally a serious country with Quebec, I still hope and believe enlightened federalism would be that province's choice.

If not, Canada would be easier to govern and, though it is heresy in many circles in this country to say so, if Canada wishes to federate with a neighbour, it could make a better and more fulfilling arrangement by far with the United States than several which Quebec has already rejected as insufficiently generous to it.

Jean Chrétien can be either the final exponent of a failed policy or the leader of a new public attitude which will prevail whether he chooses to put himself at the head of it or not.

The new consensus will require an end to constitutional implosion and blackmail and an end to unbearable excesses of social spending. It will require repeal of universality and retrenchment of social programmes other than to the deserving and necessitous. I doubt that this category includes the wife of the Somali warlord now being bounty hunted by the U.N. despite our gratitude to the U.N., as the only organization that might, by shaming the government of Quebec, restore the visibility of Canada's majority language, in Quebec. The emerging consensus will require that immigrants generally adhere to an official culture, English or French, and not be publicly assisted to avoid doing so and that they be admitted to this country on a basis that does not constitute systematic importation of racial frictions that Canada has long congratulated itself on having avoided. This insistence does not mean disrespect for any group, only a determination to avoid social decomposition.

The new political consensus will eventually roll back much of the vast quango of transfer payments and wealth redistribution we are now groaning under. It will revoke the primacy of the labour leaders in industrial affairs and restore balance between labour and capital. It will not tolerate the endless demands of organized groups of self-pitiers. According to my reckoning, about 400 per cent of Canadians now qualify as officially recognized victims. Canada is not racist and most Canadians are tolerant people, to a fault, in fact. Otherwise, we wouldn't have tolerated the politics we have for as long as we have.

The country's Charter of Rights should declare the absolute fundamental equality of rights of each citizen and the freedom to exercise those rights up to the point only that they don't impinge on the rights of other citizens. Rights must be held and exercised individually. Group rights are a matrix for oppression, whether invoked against Communists and Jehovah's Witnesses, as Duplessis did, or against voyeurs or those who habitually hire white, able-bodied, heterosexual men, or to be more topical, provincial cabinet members who have non-physical affairs with departmental employees, or tactile judges with naughty light switches.

The whole process of electing rather mediocre leaders who will use the powers we the people have given them to tell us exactly how to behave and what to believe will stop. Contrary to my wife's well-publicized expectations, consent forms will not really be necessary at each stage of physical intimacy a couple, including a married couple, achieves.

The process of taking money from those who have earned it and giving it away to those who haven't, in exchange for their votes, will be curtailed to the legitimate cases of compassionate need.

For all of these reasons, I rejoice. Canada is a rich country with a talented population. All we lack is leadership. On his past record, there are no grounds to believe Jean

Chrétien is of the future rather than of the past, but the people's will, will be done, by him, or by others. If he doesn't grasp the real lesson of the fate of the other two traditional parties, he will share that fate. Miracles do occur and after what this country has been through in recent years, we're due for one.

The appreciation of the meeting was expressed by Isabel Bassett, President, The Canadian Club of Toronto.

*Honorary Solicitor William Whiteacre, Director Anne Libby and Past President Rev. Canon Harold Roberts.*

*Sir Arthur Chetwynd, a Past President of the Club, proposes a toast.*

November 8, 1993

In conjunction with
The Fraser Institute

*Photo: Norman Parkinson*

# The Rt. Hon. The Lady Thatcher

Former Prime Minister of Great Britain

# THE NEW WORLD ORDER

Chairman: **Michael A. Walker**
Executive Director, The Fraser Institute

**Introduction by Sir Alan Walters, Vice-Chairman and Director of A.I.G. Trading Corporation and Founding Member of The Fraser Institute's Board of Editorial Advisors**

It's very dangerous asking an academic to get up before a microphone, because when you switch them on, you know, they're pre-programmed to go on automatically for 45 minutes, but I'll try to strike 40 away and get through in five. Michael described me as a tenuous link. I've never been called that before, but I am sure it is something important. Certainly, I have enjoyed my role as an Editorial Advisor of The Fraser Institute and have been pleased to help the Institute with its research from time to time and to reflect today upon its two decades of accomplishment.

It is an enormous pleasure today to introduce Lady Thatcher, because she needs no introduction, of course. And you came to hear her, not me. But because each of you is taking away a copy of Lady Thatcher's book, *The Downing Street Years*, I'd like to put a couple of thoughts in your mind, when you look at it. The thing that I have always found amazing about the Prime Minister and looking back over the period from 1979 until today, one of the most amazing qualities which shines through, though it is never really discussed in her book because she couldn't, is her moral courage. Now, moral courage is a strange thing. I don't think you can acquire it; I think you have to be born with it. Lady Thatcher has moral courage which illuminates so many of these pages, and of course you can see it coming out time and time again.

I first had occasion to admire her moral courage in the 1981 budget. She had enormous opposition from all the great and the good—364 economists, no less, published their opposition and of course she was opposed by many others. She had political opposition, not just in front of her, but indeed behind her, too. But she went ahead resolutely and won the day. Perhaps you have had some local experience with the reluctance of politicians to demonstrate firm resolve when it comes to budgets—the Prime Minister—I'm sorry, I shouldn't still call her that but it's force of habit—she was remarkable in her absolute commitment to the course she felt would be best for the country.

Another occasion was her conflict with the mine workers and their Marxist leader, Arthur Scargill. While you may know of it you can have no real appreciation what it was like for her, virtually single-handedly, beating down this Marxist threat. What a wonderful job that was. But, what a tough job and what courage it took, day after day.

You will also enjoy the wonderful chapters on the Falklands' episode which in itself would have been test enough for most mortals. And of course later, just before she left office (and I must say this) she put a bit of spine into George Bush, in his dealings in the Gulf.

Her other great achievement was her fight against the Exchange Rate Mechanism. She fought and fought again. And this fight parallels her opposition to a federal, centralized Europe. But even after she left office, I recall I was having dinner with her and news had just come in about German recognition of Croatia, and she said, (and I don't know whether she'll remember this) "This is going to light a fuse that's going to blow up in Bosnia-Hercegovina."

The remarkable thing about this long list of displays of moral courage is that in the event I believe she was proved entirely right: the 1981 budget, everyone admits it now; of course, confronting Comrade Scargill, when she chose a perfectly timed fight, she was entirely right. I believe also that she was entirely right on the Exchange Rate Mechanism. She said the Exchange Rate Mechanism was perverse, and it would lead also to enhanced cyclicality, and it would all end in tears—essentially, break up. So it has; so indeed it has.

Finally I'd like to say something for which I may get into trouble, but it's important that it be said. The Prime Minister, I'm sorry, Lady

Thatcher, will not say it, and it's never said anywhere publicly, but she was the boss. Occasionally we called her "the boss" and indeed she was the boss, but at the same time she was always open to argument, open to ideas. And after I'd won or lost an argument with her, we would go ahead with the policy that followed from our discussion: a remarkable thing in my view for a politician to be so open to argument from a technical advisor.

One always thinks of "the Iron Lady" as a very tough Prime Minister indeed. But that toughness was combined with the most kind and considerate sort of boss anyone has ever had. That was particularly true as you got down the scale to the porters, the messengers and the drivers and all the people who keep Number 10 running. She was very considerate and very kind, in every possible way: an image that is never mentioned, let alone publicized. It is said that: "No man is a hero to his valet." Well we were valets to her, and she was certainly, and still remains, our hero.

Thank you for the opportunity to be with you today on this wonderful anniversary occasion, and please welcome Lady Thatcher.

## The Lady Thatcher

Mr. Chairman, Alan, ladies and gentlemen:

First may I wish you a very happy 20th anniversary of The Fraser Institute. I'm delighted to be here to spend it with you, and to honour the great work which you have done. The Fraser Institute is very similar to the Institute of Economic Affairs in London, which had a tremendous influence on the whole of economic and political thought in Britain. Second, I'm delighted that Alan Walters of your Editorial Board was here to share it with us. He was my economic adviser, and we wouldn't have got it right without him. When he mentions that 364 economists were against him, they didn't matter at all; it was the half-dozen led by Alan who were with us who prevailed.

I find, as I have been interviewed in Canada, in the few brief hours I've been here this time, that all commentators seem to regard one as something of a phenomenon because one set out in politics with convictions. They don't quite understand that. They say "Well, here we have pragmatism." To this I say, if you are embarking on a great voyage across the oceans, you have to have some stars to steer by, and the stars have to be constant. It's no good steering by shooting stars. So, yes, I had convictions.

I would have liked to have read to them a favourite quote, but I hadn't got the quote with me, but I've got it now. It's by a French 19th-century politician, who said: "There go my people. I must find out where they are going so that I can lead them." Well we didn't start that way. We knew where we were going, we knew the reason why, and we were prepared to persevere until the policies showed good results.

The other thing that I find, is that your commentators are all sold on the idea that politics is the art of the possible. Now my friends, if you take that view in any sphere of life, you will soon lower your sights as to what is possible.

The task that I had ahead of me was enormous, because Britain in 1979 was a country not only in decline but whose people had accepted decline. The task upon which I embarked was to say, politics is the art of making the impossible happen. And that is precisely what we did. I would like in the time available to consider just three examples of making the impossible happen.

I'm going to start off with the economic side of politics. You must get your economics and the enterprise right. For, if you do not, first you'll have no standing in international affairs, and secondly no one else will listen to you at all. So we knew we had to get the economy right. We had to do four things pretty well immediately.

First, we had to get the rate of income tax down. When I took over, the top rate of income tax on earnings was 83 per cent, and the standard rate was 33 per cent. That was much too high. I believed in incentives, and so in the first budget those rates had to come down immediately and we had to pick up the lost revenue by indirect taxes. Nevertheless, with the extra incentive, people right through the whole piece began to work with more will when there was something to work for. When they knew full well that the lion's share of the earnings would go to them, to enable them to look after themselves and their families and their future standard of living.

Next, we were all tied up with far too many regulations. Even my own party had been prone to enact more regulations. You couldn't determine your prices; there was a Prices Commission. You couldn't determine your incomes; there was an Incomes Commission to determine what was the norm for increase in wages, regardless of the performance of the company. You couldn't, in fact, determine your dividend, and you couldn't get the amount of foreign exchange that you wanted. You couldn't develop your factories where you wanted to because there were Development Certificates.

All of these things went in our very first budget, which was three weeks after we'd taken over. And even some of my best friends said, "Oh come off it, don't you think you're going a bit fast?" I tell you that because it is surprising how socialism penetrates even good conservatives sometimes.

Well now those were the first two things, but that wasn't the end. We had to tackle trade union law. The trade unions had virtually taken over Britain. It had been strike after strike after strike. And gradually I noticed that the trade unions began to understand that although any one of them could attempt to bring Britain to a halt, none of them could protect their own members from the ravages of another trade union. There lay my hope; and in the belief I had that most people would far rather go on working, doing a decent day's work for a decent day's pay, given the chance, than they would come out on strike.

I had a great deal of opposition in changing the Trade Union Law. Opposition which was often based on the idea that one shouldn't do anything very radical; that one shouldn't upset things. Well I took the view that the trade unions had upset enough, and I really had to cope with what they had done and to change things so that we wouldn't have to continue just to cope. And so, we in fact brought forward four different pieces of legislation, one after another, which altered the whole balance of trade union law, as between employer and union, and also altered the whole balance between the ordinary member of the union and the trade union boss. You know we had got to the position where any trade union could bankrupt any employer, even though their own members had no quarrel with that employer. I don't know what your own labour law provides, but we found ours to be intolerable and destructive for the ordinary workers who were the alleged beneficiaries of these laws.

So after the changes, the ordinary member of a trade union could decide by ballot, secret ballot, whether they went on strike, and the officials had to be elected by secret ballot. We stopped the closed shop. It gave the trade union bosses far too much power. And in the end we brought in a law that a trade union's funds could be sequestered by order of the Court, if that trade union did not obey the law. Now that took us until about 1985. We actually got the coal strike, to which Alan has referred, in 1984. You now know that we won it. I had to live through it every day for a year; every day had to decide the tactics. We decided right at the beginning that the task of the police, as we reminded them, because they're independent, was not merely to keep the peace by saying, "Look, don't try to go to work through the picket lines at a colliery, there'll be demonstrations, it'll make it difficult." They had in mind keeping the peace, in that sense.

We took the view, and the Attorney General made the appropriate speech to reflect this view, that the task of the police was to keep the law-abiding citizen able to go to his place of work at the time when he was due there. So even though there were terrible pickets, even though there was violence on the picket line, the task of the police was to get through the picket line those miners who wished to go to work. And they did. My belief in the ordinary member of a trade union was upheld many times over, because about one-third of them insisted on working and going through to their pits day after day after day. And my faith in the British character boomed to great heights, as these miners behaved as I had always believed they would. And so we won that.

Fourth, we had 46 major industries in the hands of government, that is, they were nationalized. I took the view that governments don't know very much about running industry. The people who do know are the ones who are in it. What is more, it gives governments far too much power to have control over those industries, and it gives them far too much temptation, as when you want to make the appropriate changes or get rid of surplus labour and people would come streaming to their MP to ask for extra subsidies. That's not how you build a prosperous economy. So we had to privatize 46 major industries. Most of them are now privatized.

In that privatization process, I also carried out one of my other great ambitions. It had not hitherto been possible for ordinary people with an ordinary wage or salary to build up their own capital, except perhaps through purchase of a house, which was restricted to far too few. So, first we managed to start to sell council houses at a very reduced rate to sitting tenants, so that people could buy their own house, reasonably, over a period of years. Secondly, when we privatized, we always held a block of shares for the people who worked in that industry, so they could buy those shares at a discounted price.

In this process, we doubled and trebled and quadrupled the number of shareholders that we had in Britain, and it became obvious that an ordinary person, earning ordinary wages or salary, could build up their own capital and therefore have an interest in the progress of the economy generally and through their share holdings an interest in the future.

All of those things we did, all of those things we had great opposition in doing, but it did transform Britain. We did get rid of the surplus labour, we did get rid of the many, many restrictive practices, we did get rid of the regulations. And as we got the tax rates down, government's revenues did not fall Indeed, we noticed that as we got the top tax rate down from 83 per cent ultimately to 40 per cent, the top five per cent of income tax payers at a 40 per cent tax rate actually contributed a bigger proportion of tax to the Exchequer than they had when they were paying 83 per cent. That is the power of incentives. And I can tell you on both sides of the border here in North America, that you will find the same thing.

So, by tackling things which other people had found they couldn't or wouldn't tackle, we did in fact transform Britain. And there's one further point about this that I want to make to you. Alan referred to moral courage. I found that as we started to build up prosperity in Britain, we were actually growing faster than they were in Germany. We got another attack, "Oh don't you think your society is too materialistic?" and I said, "Don't be so absurd. If a Labour Government had managed to have that prosperity they'd have all been dancing in the streets and shouting it from the housetops." (If you can do those two things at the same time.)

You simply have to give people the opportunity to do better. It enriches their lives, they have money left over to give to preserving historic sites, to the arts, to the sciences, to music, and so on. Most importantly, we all want to get other people out of poverty, and you can only do it by the wealth you have created.

But there is another point, in this connection, which is not so very frequently stressed as it should be: capitalism is the moral way of running an economy. Socialism is the planning by the few over the lives of the many. You have seen where it ultimately led to in the Communist society.

The many had no freedom. Everything was exercised by the few at the top.

Everyone is born with some God-given talents and abilities, and he has a fundamental right to develop those within a rule of law. In other words, freedom has a moral quality. Developing it is a moral attribute. You can only do that within a civil society, and you have to have a strong rule of law and a rule of justice.

The creative factor in society is a direct result of the responsible exercise of freedom, which is the moral quality. In the context of freedom you can only produce goods and services by the voluntary joint action of a group of people acting together. You can only satisfy people in a capitalist society if you produce what they want to buy, or a service which they also want to buy. People prosper in a capitalist society by serving the needs of others, which are expressed through the marketplace. We must never forget that it is in fact capitalism which has the moral quality in society, not socialism, which is the elevation of the power of the government over the people.

This moral quality of freedom is reflected in a true democracy in that the people give power to the government so that the people can achieve certain things through government that they might find difficult to do in ordinary ways. But the key is that this power that they give they can also take away and give it to someone else, as you know, from time to time.

My overriding conclusion from my own experience is that in seeking to be rewarded by the people with this gift of power the most important thing is to get your convictions right. Ensure they are based upon the very best values, in the very best traditions, in the very best character of your country, and you'll find there's a good deal of conservatism in a nation. I am certain you will find that here, as I have found it in Britain.

So, that was the first thing, to make the impossible happen by not running away from doing difficult things. The second major issue was when we suddenly were faced with the invasion of the Falkland Islands. Quite suddenly on a Wednesday we found that they might be invaded on the Friday, because the Argentine fleet had sailed. From the equipment on board, and its formation, we knew this was different than when they'd been on an exercise. And we had to face the decision, to make a choice. Would we say there's nothing we can do about it. After all, these islands are 8,000 miles away, if we send a fleet down there they'll go into the Antarctic winter. It is cold, there are bitter winds, how can we fight a war from ships bouncing about in those terrible seas? How can we fight a war with aircraft on aircraft carriers when the enemy has airfields only 400 miles away from the battle scene (and of course by that time a small airfield on the Falkland Islands)? How can we fight a war when they will know we're coming for three to four weeks; is it possible?

Had you fed all that into a computer, you'd have got the answer "No"! But that denies the spirit and determination and guts of a nation; it denies the sheer professionalism of your armed forces. So we took a decision. The fleet would sail, and it was assembled within 48 hours.

We went to Parliament, we called them on a Saturday. And the fleet sailed—the full task force sailed—25 ships led by two aircraft carriers on the Monday, and another group of seven from Gibraltar, where they had been exercising. They sailed, and you know the eventual result.

For the first three weeks we negotiated with the Argentinians: negotiate, negotiate, negotiate. Everyone urged us to negotiate. Gradually it became apparent that there wasn't a single new negotiation to do. The Argentinians weren't going to get off. I'd never expected any dictator to get off those islands. So we had to bring the negotiations to an end, and we had to land and retake them. I can only tell you as a Prime Minister, having been through it, they were the most agonizing days I have ever lived, because no Prime Minister expects to put their people into battle. You hope that the deterrent effect of having strong armed forces will be sufficient. There comes a time when it isn't.

Any invader will ask himself three questions about what his adversary is likely to do. First, has my adversary a strong defence? He can do nothing without that; yes, we had a strong defence. Second, can he get his forces to the scene of action required? Well it was very very difficult, but we did it. Third, has he, or she, the resolve? Yes, we had the resolve. And Galtieri miscalculated totally: about our ability to get there; about our resolve to get there; about our skill and professionalism when we got there. It was the first time in the post Second World War world when an aggressor had been stopped, and the international law that you shall not take anyone else's territory or possessions had been upheld.

Please note: it was not upheld by the United Nations, nor was getting Iraq out of Kuwait done by the United Nations; it was done by lead nation states with a strong defence. And never let it be forgotten.

In all my life in politics, the unexpected has happened. The Falklands was the unexpected. Later, it was the Gulf. But at no time did I ever, I or President Reagan, or President Bush, have to think: have we got the requisite defensive weapons? Because wise foresight had seen to it that we had. Even when we cut down government expenditure, within the total I increased expenditure on defense; we were never prepared to let that go down. And I hope it's a lesson that people have learned.

When it came to Bosnia, I was no longer on the scene, and I'm afraid the invader asked himself the same questions: Has my adversary the defense? Yes. Can he get it there? Yes. Has he the resolve? No. I could wish it had been different, because I had not expected to see those events happening in the heart of Europe, ever again, in my lifetime. But in the Falklands we did the impossible, and for the first time international law was upheld, because of our strength of defense and our resolve.

The third impossible thing that happened during my time in office was the collapse of Communism. I came in in 1979, with the idea we must have a strong defense and strengthen it, although we had to cut our total expenditure, and of course we did. Ronald Reagan came in just at the end of 1980, also with the idea that Communism was an evil empire, that we must strengthen our military capability, and we must also fight the battle of ideas. And we agreed about that. The policy until that time had been the containment of Communism. We couldn't do anything else. And of course the Communist policy was world domination. As you know, they challenged us first in the Korean War, and again under the leadership of America we went in. They challenged again in Vietnam, and it is my view that had the Americans not gone there, Communism would have spread much further throughout southeast Asia than it did. In my view, the Americans fighting there held back Communism in that part of the world long enough for the fight-back to come as it did later.

But Ronald Reagan and I started by saying, let's make it quite clear to the Soviet Union that they will never win militarily; if they start to station new kinds of nuclear weapons, we will station more, and we did. If they start to go ahead with their technology, we will go ahead of them. The critical thing there was Ronald Reagan deciding to go ahead with SDI, which was a great leap forward. The Soviet Union knew they could never compete; they hadn't the computer capacity; they just hadn't either the knowledge of that particular part of science nor the capacity to turn it into action. And of course we learned a fantastic amount from the programme.

Don't believe some of the reports that have come out. We learned a fantastic amount about getting everything very, very much smaller. It started very big, and it became very much more minute; fantastic advances in the whole of electronics. That was the last straw. When Mr. Gorbachev first came to see me, he asked if I thought I could prevent Ronald Reagan from going ahead with SDI. I said "No." First, we're helping; secondly, I believe in it; thirdly, and most importantly of all, I am not a mediator between the United States and the Soviet Union.

Mr. Gorbachev had realized that the Soviet Union's economy was not performing and that the West was performing. He knew and realized that with the fantastic number of people from within—the Sakharovs, the Sharanskys, the Ida Nodles, the Bukovskys—working for greater freedom there was an opportunity to break with the past. He eventually (and it would not have happened without him), gave those people what you and I regard as our birthright—personal freedom, freedom of worship, freedom to elect their own representatives— and the whole atmosphere changed. That really helped to bring about, with the other things, a collapse of the Cold War.

Mr. Gorbachev was slow, in fact, to disperse economic power from Moscow to the other Republics, very slow, which Mr. Yeltsin spotted. Yeltsin said, "We will not keep the political liberty unless you have the economic liberty with it. You must have private property, you must have independent industries showing enterprise, you must have dispersal of power from the centre and limitation of the power of government." However, as Mr. Gorbachev was trying to complete that freedom by bringing about this dispersal, there was the attempted coup. The attempted coup failed, but of course in the end the Soviet Union fell apart, and we now have 15 separate Republics, three of which are the Baltic Republics, which should never have been under the Soviet Union.

In a way, we again tried to make the impossible happen. If either Ron Reagan or I had said in 1979, or 1980—together with what we did, with what was accomplished by people within the Soviet camp working for us in the sense that they were working for liberty, and with what was done by a new leader in the Soviet Union—that we would, during our terms in office help to bring about the collapse of Communism, no one would have believed us.

But now there are some very important lessons also to be learned, because people tend to think that to bring about the collapse of Communism is equal to bringing about democracy for all nations. It is not. No one in the world has ever had such a big job to do as going from a nation which has been under Communism for 70 years, to democracy. Communism is the most total tyranny. It has all of the most hideous things of Nazism, together with something else: it operated by taking away all private property, at gunpoint. Millions of people were murdered when they resisted as their land was taken away by Stalin. It operated also by taking away everyone's jobs. You had to apply to the Soviet Union, to the Communist Party, for your job. So you had no liberty, you had no land.

Communism was never a revolution from the bottom. Communism was an intellectual idea, by not very good intellectuals, for the power of a Marx and a Lenin and the Bolsheviks over the rest of the people. They who, although made of the same human clay as the rest of us, said they were so marvellous, that they could plan everything, decide everything, and they took away everyone else's liberty; and to make certain that people didn't rise up, they took away everyone's property; and so they created a totally passive society. So it's not easy to bring them to democracy. President Yeltsin made a very good try at it in spite of the fact that he and the Parliament were working with a 1978 Communist Constitution. Also, he was dealing with a Parliament elected before the failed coup. So he's now trying to get it back to democracy with neither a currency on which they can depend, (and hasn't the governor of your central bank done a good job here?) nor the rule of law. Everything was done by dictate of the

Communist Party. So they have no rule of contract, no independent courts, and so far they've got very, very little free enterprise. And until you can get a proper law of contract, and a rule of property, which they are beginning to get, it's difficult in fact to get things going.

Don't think either that the end of the Cold War means that peace has automatically broken out. There are many many things which Communism suppressed, the ethnic clashes and historic difficulties, and it kept some of its client states under tight control so none of this could come to the surface. What has happened since the end of the Cold War is that we have had two places of hot war. One was the Gulf, where Saddam Hussein was free to go into Kuwait. The second was Bosnia, where Slobodan Milosevic would never have dared to do what he has done at a time when we had the world cleft into two.

But do not let that lead you to the impression that I was in favour of the Cold War stability. I was not. It was a sheer rule of oppression. The collapse of that evil empire is the best event, and the most hopeful event, in my lifetime. But it is going to take some considerable time to bring it to a full democracy in which people begin to accept responsibility for their own lives, begin to accept responsibility in building up new enterprise of every kind, both economic and social, and also get a totally non-corrupt administration. It is little appreciated that what is there now, the natural legacy of the Communist corruption, is corruption and protection rackets from top to bottom. And that is very, very difficult to deal with and to change. It is going to take time even though there are some people working to bring the corruption to an end.

Now the final thing that I have to say is this: the United Nations, important as it is, consists of 184 nations, not all of them democratic by a long shot. You must not rely upon them ever to make peace where there is none. As you have seen this has not happened in Bosnia. They haven't even insisted that the humanitarian convoys get through. A few Serb guerrillas have been able to stop those humanitarian United Nations convoys, which is appalling. The only way to keep peace in the world is through the actions of a very powerful nation, such as America. We should always be extremely grateful that the most powerful nation in the world, the greatest democracy, the greatest believer in freedom and justice from its very Declaration of Independence marvellously drafted by Jefferson (of course he had been an Englishman by descent)—twice this remarkable country, aided and abetted by other people of like mind, in Canada and in Britain, (in the last world war in Europe, of course, it was only Britain that stood out against Hitler), has in fact come to keep freedom alive in the world. At the moment, there still is no substitute for American leadership. All of the united nations I said that fought in the Gulf—there was Britain and France and other nations including your own who came to join in—were a coalition put together of nation states. So, that leadership we hope must continue, and we must all be prepared to help. You've already seen two wars since the end of the Cold War. My friends, we must never, never let our defences go down. Never!

Tyrants and dictators have been born across the ages. They will continue to be born, and we must never let them achieve their aim of taking other people's land or possessions. That is the task which our generation has. This century, which was entered into before your time and mine, with such enormous hopes, (of course it was—there was a new mechanization which was going to bring a high standard of living to everyone); everyone knew what constituted a civilized society, they knew the values of civilization, they knew its manners, they knew its customs. Surely, they hoped, the 20th century would be the greatest century of peace the world has ever known. Not a bit of it. This 20th century spawned the two worst tyrannies the world has ever known— Nazism and Communism. And both had to be defeated, although we had learned, after Nazism, that we could never let our defences down. And so apart from Vietnam and Korea, the Cold War was won without a shot being fired. We do not want to have to fire many more shots, but the way you'll not have to fire many more is by keeping your defences strong, and may it apply to all of us under the leadership of America.

Finally, one little postscript. (They say a woman's postscript is always the most important thing.) I have to tell you that if your task is to get your expenditure down, because you've got too big a budget deficit, it is quite possible, provided you have politicians with conviction at the head. I had a budget deficit. I was very tough on expenditure. I knew the art of saying "no." And whatever the demands for increased expenditure, I said if you want to do this, then someone else must yield up some other expenditure because I'm sure some of you in your departments have got quite a bit that we don't need to have. The result was that in my last four years, we had a budget surplus in each year, and therefore, redeemed some of the debt that our forebears had built up. I commend this course of action to you.

The appreciation of the meeting was expressed by R. J. Addington, O.B.E., Chairman, The Fraser Institute.

*Past Presidents Mary Byers and Ronald Goodall.*

November 11, 1993

## Vice-Admiral Ralph Hennessey

Canada's Senior Naval Officer (1966–1970)

# REMEMBERING THE BATTLE OF THE ATLANTIC

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Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

### Head Table Guests

Lt.-Col. Sandy Cameron, SB.St.J., C.D., AdeC., Director, The Empire Club of Canada; Richard J. Boxer, Chairman, True North Investment and former Naval Officer; J. A. William Whiteacre, M.M., C.D., Q.C., Honorary Solicitor, The Empire Club of Canada; Diana Hennessy, wife of our guest speaker today; Stanley Edwards, Q.C., Fraser & Beatty and Past President, Board of Trade, Military Affairs Committee; Col. Robert H. Hilborn, M.V.O., M.B.E., C.D., Past President, The Empire Club of Canada; Larry Stout, Broadcaster and a Director, The Empire Club of Canada; The Rev. Dr. Robert Mumford, Pastoral Assistant, Royal York United Church; Maria Roman-Bricknell, Director of Public Relations, The Lung Association and a Director, The Empire Club of Canada; John C. Maynard, Former Chief Actuary, Canada Life Assurance Company and Past President, Navy League of Canada.

### Introduction by Dr. Jackman

It is rare when Canada's Remembrance Day and The Empire Club of Canada's traditional Thursday meeting are concurrent. When so many of Canada's military have observed the fallen this morning at Old City Hall or the Airmen's Memorial and then retired to their own head-quarters for food and libation, we are proud to have representatives of all the forces with us today.

In particular we welcome Vice-Admiral Ralph Hennessy, D.S.C., C.D.

Ralph Hennessy, who 50 years ago earned the Distinguished Service Cross for his efforts in ridding the North Atlantic of German U-boats, joined the Royal Canadian Navy in 1936 when I, like Canada's peacetime navy, was quite tiny. Four years later, in 1940, when I was six, I would be put to bed before sunset and I would lay there listening to the marching bands and the soldiers drilling in Ramsden Park nearby.

On special occasions, I was allowed to stay up for the radio program, *L for Lanky*, about the Lancaster bombers and listen to the song *Coming in on a wing and a prayer.* Shortly thereafter my parents planned a trip to P.E.I., but because Nazi U-boats had been sighted in the Northumberland Strait between Nova Scotia and P.E.I., we had to board our ferry under the cover of darkness.

I was not yet 10 years old when we were told of the potential danger and were given life jackets and life-boat practice and were told to keep the boat in darkness—the blinds drawn.

Half-way across Northumberland Strait, the captain's voice came over the intercom demanding that we retire to our state rooms, lights off, as a U-boat had been reported in our vicinity. While the obvious danger filled me with childhood excitement, I think the adults were terrified.

While I fell asleep and ultimately landed safely on P.E.I., somewhere, out in the Atlantic, Ralph Hennessy was afloat fighting the battle of his life, and my life. Ralph Hennessy and many others like him fought the battles that permit us to be here today. Many of his companions did not make it through and it is for them that we hold this special Remembrance Day luncheon.

Our war effort depended on victory over the Nazi U-boat raiders. If the seas weren't free, then we could not land our troops in Europe. Our navy, primarily an anti-submarine force, grew to be one of the world's largest naval forces during World War II. Ralph Hennessy was part of building that force. Ralph Hennessy was part of the Battle of the Atlantic and he was part of our victory in Europe.

After the war, he became Comptroller-General of (all our) Canadian Forces and later, Chief of Personnel. He has had a long and distinguished career—on the land and at sea. We are privileged, sir, that you would come to us from Ottawa to present your recollections of the Battle of the Atlantic.

Would you welcome please, Vice-Admiral Ralph Hennessy.

**Ralph Hennessey**

Thank you very much Dr. Jackman for that very kind introduction.

I would like, if I may, to start off by just adding to his biography of me with one or two short remarks just to make sure that you all know exactly where I come from.

To start with, I am the black sheep of an army family. I am the first son in at least four generations that I know of, not to have served in the army in time of war. Fortunately my younger brother was able to remove this blot from the family escutcheon by joining the Canadian Army in 1941.

Somehow or other over the years, I have yet to discern in him a proper respect that one would expect for someone who was in the Senior Service. This is attributed, I think, to an unfortunate incident that happened in the Mediterranean in 1943 when the naval escorts on his particular convoy allowed his troop ship to be torpedoed and sunk off the coast of Italy. Fortunately for me, the escorts in question were British and American, not Canadian. Otherwise I would never have heard the end of it. Come to think of it, I never have either.

He hasn't totally lost his liking for the sea because, as I speak, he and his wife are swooning around the Caribbean in a cruise liner. And as an interesting foot note to this, he told me the other day when he left to go south, that the cruise liner was due to sail from Fort Lauderdale, 50 years to the day and almost to the time of day of the torpedoing of his troop ship in 1943. I advised him to tell the captain to steer clear of Haiti while he was at it.

We are, as both Mr. Whittaker and Dr. Jackman have said, here today as part of what we might call an annual rite, one of remembering. And this is why, rather obviously, we call this day Remembrance Day rather than the old fashioned Armistice Day.

But I found as the years have gone by, that one's memory tends to get rather selective and if I might paraphrase something from Professor Parkinson, the memory expands to fit the attention span of the audience. And this is just to warn you that I will be watching for glazed eyeballs to tell me when to finish and sit down.

These are memories of the Battle of the Atlantic and specifically I suppose of my participation in it.

I spent 4 1/2 years of the war at sea, mostly in the North Atlantic, the only exception to that being the first winter of the war when I was privileged to be a part of the Jamaican force in the Caribbean, based in Kingston, Jamaica, and ladies and gentlemen, that is the way to fight a war.

The Battle of the Atlantic of course had been set off and started on the first day of the war and ended on the last. And you may wonder a little why, in that case, 1993 was chosen as the year to celebrate the 50th anniversary of the battle. The reason for that is quite simple—it was in 1943, in the month of May, that we had what might well be described as the turning of the tide in the battle.

Up until then, we, on the allied side, had been losing continually and consistently but somehow or other things turned around in the spring of 1943 and while the Battle of the Atlantic was far from over, we remained in the ascendancy from that moment on until 1945.

In his diary on May 24, 1943, Admiral Donnets, the commander of the German U-boat fleet, decided that the losses to his U-boat fleet were such that he could no longer tolerate them and he issued orders to withdraw the bulk of the U-boats from the Atlantic to other, sort of fringe areas if you will, where it would be safe for them.

He expressed this in terms of what on both sides we call the exchange rate, which is simply a ratio between the number of U-boats sunk and the tonnage of allied shipping sunk. In the month of May 1943, he was losing one U-boat for every 10,000 tonnes of shipping sunk. Earlier in that same year he had been losing only one U-boat for every 100,000 tonnes of shipping sunk.

Now this was a real disaster for him. He attributed, in his diary, the reason for the extreme losses as being the employment of aircraft by the allied powers, both shore-based and ship-based. And there is no question that by that time, 1943, aircraft were playing an enormously effective role in keeping U-boats down and away from convoys.

I have two other reasons which I think are at least of equal importance. One was that we had won the technological war that had been going on from day one. Our gadgets, if you will, out-gadgetted theirs. Our laboratories beat them completely in research and development of new weapons systems to counter their new weapon systems and so forth.

That's one of my reasons for suggesting that there is an alternative to his rather simplistic view. The other was that the allied navies in general and the Canadian Navy in particular had, by 1943, after some pretty horrendous years from the beginning of the war, come of age, and had become professionals in the business of detecting, hunting down and sinking U-boats.

At the beginning of the Battle of the Atlantic we were certainly far from professional. We were amateurs compared to the German U-boat fleet and our people came of age the hard way. Let me just tell you a little story to illustrate this.

In December, 1941, my ship HMCS *Assiniboine* was in refit in Dartmouth, Nova Scotia, across the harbour from Halifax. Now when a ship comes in to refit, the happiest people in the land are the officers in the manning depot. That's the depot that has the responsibility for supplying you with officers and sailors. There's nothing they loved more than seeing a ship come in to refit so they could reach out and scoop off all your best people and a month or two later, replace them with a group of people fresh out of the egg if you will. And that was the situation we faced.

Your speaker, by then, was of course a grizzled old veteran of 23 years of age. I was the First Lieutenant of this destroyer and for the benefit of any land-lubbers present, the First Lieutenant is the second in command—the one who really runs things on a boat.

Two days before Christmas I was told by the cox'n that we had a very long list of requests to see me that morning. And these young men, and ladies and gentlemen, you have no idea how young they looked even to a 23-year-old, these young men had only one desire—they wanted to go home for Christmas.

Well, old hard-hearted Hennessy said no and he had two reasons for saying no. The first one was rather personal because he had just been told the day before that his father had been killed in action in Hong Kong. So he wasn't really too much in the mood for this sort of request.

The second, and really of greater significance, of course, was that I knew something that they did not know, and that was that on December 27 we were sailing in the evening to join a convoy. And they were literally going to be working around the clock to get that ship out of dry dock—stored, provisioned, munitioned, oiled—all the things that we had to do to be able to meet our sailing date.

In the event we made the sailing date and we took that convoy up to Iceland. Typical December, January, North Atlantic weather is foul.

I can recall, at one stage in the journey, coming up for watch at four in the morning, and the first thing you do when you come on watch is to read the captain's night order book where he says what he wants done and where he wants to go and so forth. And usually captains tend to put at the bottom of this, "Call me if it comes on the blow." Well for him to say that, what did he think was going on at the time? And then he wound up and said, "Happy New Year." I'd forgotten it was New Year's Eve.

We got into Iceland supposedly for a rest, only to spend most of the time steaming up and down at anchor watch because the weather was foul there too. Another convoy was going back to Newfoundland, and when we arrived back there they were indeed seamen and all we had to do was turn them into fighting seamen, which we managed to do.

Weather, it has been said, was our constant enemy in the Battle of the Atlantic and this is very true. And you really have no idea how much power there is in a large chunk of salt water until that large chunk of salt water and your ship collide.

We ran into some very bad weather when we were on the Bismarck chase—we were one of the destroyers escorting the battleships out of Scapa Flow and at one time the speed of the fleet was 27 knots and we were doing 29 just to keep up in this weather and we took a very severe roll. And at that stage the ships have a tendency to try and carry on with the roll and almost literally dig themselves under the water.

Well the roll was such that I found myself standing on the polaris, that's the stand that holds your compass, looking down at my captain who was literally lying on his back with his arms and legs wrapped around the polaris. He said later that it didn't fill him with confidence to see his navigating officer, myself, busy blowing up his life-belt at the time. After the ship got its balance and got up and we were on our way, I did a quick tour of the ship just to see how much damage had occurred.

The wave had hit us on the port side. All four life-rafts were gone. The framework on which they sat was just a twisted mess of metal. Most of the guard stations were twisted and, in some cases, torn right out of the deck. Our motor cutter was history, just a pile of match wood.

You have to go on regardless of the weather, and on one occasion we even did an appendectomy in the midst of a howling gale in the North Atlantic. And your speaker had the immense privilege of being the scrub nurse for the operation and this is because the doctor felt that I had the strongest stomach in the ward room. I didn't exactly distinguish myself in this operation because towards the end, when he was sewing the patient up, the final thing is sticking the drainage tube in. He called out to his scrub nurse, "Drainage tube please," and this is one thing that I did recognize right away in the sterilizer. So I picked it up with the forceps, the ship gave a lurch, I dropped it on the deck and after offering a few well-chosen naval oaths, I bent down, picked it up and handed it to the doctor, but you should have seen the expression on his face. So I said to myself, "Well back to the sterilizer." The patient lived by the way.

It wasn't all weather and U-boats and so forth, we had a lot of fun during the course of those five years. In fact, I told Admiral Mingay in response to a query long after the war that I thought that those five years were the ones in which I had more fun than I had ever had in any other five years in my life. And I guess this is part of this selective memory thing, that you tend to forget the hard bits and just remember the nice times.

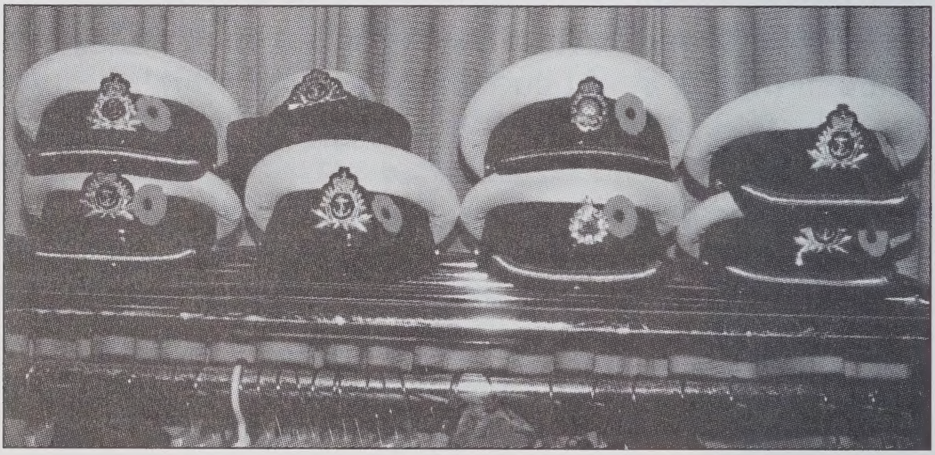
Ladies and gentlemen, may I conclude this little survey by paying a little tribute of my own to that group that I consider to be the real unsung heroes of the Battle of the Atlantic and these were the men of the Merchant Marine.

What they did, what they put up with, beg a description. You remember these people, in many instances, were going to sea in what had to be called floating death traps. If you're in an ammunition ship, in a way you're lucky because when it blows, you're gone. If you're in a tanker and you manage to survive the explosion and subsequent fire, you're floating around the ocean in a sea of oil which may or may not be on fire itself. Your chances of being picked up, certainly in the early days, were slim in the extreme because we didn't have rescue tugs and as far as the escorts were concerned they were far too busy fighting the wolf pack to be able to pick up survivors. So we left them there. But they survived, a lot of them, and they came back and they survived again, and they kept coming back.

I think we owe them a tremendous debt. It's also a rather sad reflection of the Canadian government that it is only in the last two years that these gallant men were given the recognition that they should have had 50 years ago. And that is a sort of veteran status. It's little and it's way too late.

So when you do remember people on this Remembrance Day, do in future years give a little extra thought to the men of the Merchant Marine because they really deserve it far more than we. Thank you.

The appreciation of the meeting was given by Col. Robert H. Hilborn, Past President, The Empire Club of Canada.



*Poppies were in evidence everywhere on Remembrance Day.*

November 18, 1993

## Naoki Tanaka

Economist and Author

# POLITICAL SITUATION IN JAPAN AND ITS ROLE IN INTERNATIONAL SOCIETY

Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

**Head Table Guests**

Jan Dymond, Vice-President, ZED Communications and a Director, The Empire Club of Canada; Tanya Whiteside, grade 13 student, Jarvis Collegiate Institute; Barry Steers, Honorary Director, The Japan Society; The Rev. Sonjie Pearson, Rector, St. Andrew's Japanese Congregation; Shinji Teshima, President and CEO, Mitsui & Co. (Canada) Ltd. and a Director, The Japan Society; Yasuhiko Tanaka, Consul General of Japan; Diana Chant, C.A., Partner, Price Waterhouse and Treasurer, The Empire Club of Canada; Tohru Hirano, President, Sumitomo Canada Limited and a Director, The Japan Society; Margaret Wente, Editor, Report on Business, The Globe and Mail; Ben J. Ciprietti, President and CEO, The Japan Society.

**Introduction by Dr. Jackman**

Ladies and gentlemen, it gives me a great deal of pleasure, on behalf of both The Japan Society and The Empire Club of Canada to reach across the ocean, to the land of the rising sun, to bring us today's distinguished speaker, Naoki Tanaka.

Mr. Tanaka has been described as one of those rare individuals who combine both a strong academic background with extraordinary speaking skills. He has become one of the most popular television, radio and print commentators in Japan. One of my Japanese friends from Tokyo, whom I called to get the inside story on Mr. Tanaka, said, "Everyone knows him in Japan. He may be 'ichi ban' and he is certainly top 10." As one of the very best then, he now works as a freelance economist authoring books on economic subjects and commenting on political and economic events.

Previously, he was the chief economist responsible for economic forecasting at the National Economic Research Institute in Japan. Before that he did undergraduate and graduate work in economics at the prestigious Tokyo University.

His ability to communicate is such that if he were permanently in North America he might be like what we would get if we crossed Peter Jennings with John Crispo. While the comparison may not be quite fair, you may get the picture. And if Mr. Tanaka does not know Mr. Crispo, I will attempt to explain fully in a moment.

Today, we are fortunate to hear about the new Japan. The fall of the Liberal Democratic Party's government this year, after 38 years in power brought in a coalition government led by Mr. Morihiro Hosokawa. After years and years of economic success Japan is now stuck in a recessionary trough.

The Globe and Mail reported today that in the last three weeks the Japanese stock index (Nikkei) has dropped over 11 per cent and wiped out $318 billion (Cdn.) off the value of Japanese stocks—just enough to retire two-thirds of Canada's federal debt or eight times this year's $40 billion deficit. Such a drop puts a serious crimp on Japanese banks' lending to business and thus for business to move ahead.

So we are interested, Mr. Tanaka, in how Japan will deal with these new political and economic realities and what differences there will be in our trading relationships with your great country.

Mr. Tanaka is a perceptive, versatile and candid commentator. He was recently featured on a network series called *Naoki Tanaka on the New Global Economy*. Today, Mr. Tanaka will speak on Japan's current political situation and its role in the global community.

Would you welcome please, Mr. Tanaka.

**Naoki Tanaka**

According to most opinion polls, the Hosokawa Cabinet is now supported by 70–75 per cent of the Japanese people. In the modern history of Japan, we have not had such a popular cabinet until this time. The Prime Minister's popularity means a lot.

In domestic politics, it means that if the political reform act should be hampered, and if the Prime Minister should request a snap election, Hosokawa's side would win a landslide victory. In international politics, advanced countries around the world and neighbouring Asian nations are accepting the change in Japanese politics favourably. These indications have given voters in Japan the happy feeling that necessary changes can be achieved.

In the next 30 days, these major goals in Japanese politics will be realized. There are three main items on this agenda.

Number one is the passing of the Political Reform Act. The main objective of this act is the change of our election process. Rather than the old multiple-member district system, which was composed of 129 constituencies with 511 members in Lower House, new one-seat electoral districts will be carved out of the existing map. The compromise between Prime Minister Hosokawa and the LDP leader Kono has produced a system of about 280 single-seat electoral districts combined with approximately 220 proportional seats.

Almost all of the LDP and DSPJ members who composed the 1955 system were against the new electoral system. LDP members used to depend upon old-fashioned pork-barrelling to consolidate their seats, while DSPJ members also enjoyed many safe seats, because, under that system, it was possible for marginal politicians to be elected with only a fraction of the votes cast for their more popular rivals. But now, the winds have changed against them. They basically were forced to accept the single-seat system. Under the new electoral system, the old addiction to money politics is expected to disappear, while issue-oriented elections will be stimulated.

The second procedure under the Hosokawa Cabinet will be the tariffication of rice. By accepting the tariffication of rice, Prime Minister Hosokawa will be able to facilitate Uruguay Round negotiations with the United States and European Community.

The third main procedure will be a combination of an income tax cut and the introduction of a higher consumption tax in the future. Almost every household will appreciate the income tax cut, but not the higher consumption tax. Whenever any Prime Minister under the LDP regime made an effort to introduce consumption tax, a severe anti-tax movement took place. The Ohira, Nakasone, and Takeshita Cabinets collapsed when they tried to introduce the consumption tax. But now, the Hosokawa Cabinet is hoping to increase the consumption tax rate from three per cent to seven per cent. And this time, even the DSPJ will not be able to refuse this plan. Compromise between the powers within the Cabinet will result in an increase of the rate after the end of this prolonged recession.

Within this year, these three issues will be resolved by the transitional coalition government. After that, we will face the true realignment of our political parties for a new political decision-making process for the year 2000.

I think that the 1955 system has collapsed entirely. The main reason for the complete falling out of the Japanese 1955 political system was its inability to adjust to new situations. Under that system, we did not have an efficient decision-making body. This is why we were not in time to liberate the domestic market. The purchasing power parity of the yen did not improve, even while the market rate of the yen appreciated very much in the latter half of the

1980s. This became a hindrance to improving the economic life of our urban citizens.

We also were unable to control the land prices in Japan. At the end of 1989, the peak of the bubble economy, the value of land in Saitama Prefecture, just outside Tokyo, was two times the total price of all land in Canada. Under the LDP regime, real estate taxes were not raised enough, enabling corporations to buy and sell land speculatively. This was the reason for the skyrocketing land prices. After the burst of the bubble, the rent for buildings in Tokyo collapsed. Right now, that rent is about equal to what it was in 1985. Market revolt worked to solve our land price problem, which should have been resolved by public decision-making.

Over-representation of rural areas was sustained under the 1955 system, to the extent that even the DSPJ had the same powers as the LDP in relation to agricultural policy. Political reforms should have been introduced to combat this.

Money politics scandals happened often under the old system. Under those circumstances, opinions on political reform were concentrated on the multiple-member district system. That system tended to cause policy-oriented issues to disappear, because the politicians within the LDP had rivals within the same constituency. In order to differentiate themselves, they tended to rely upon money politics.

Now a new elective process will be introduced. What kind of results can we expect? Under the new system, almost half the seats will be allocated to the proportional method. For this reason, smaller parties can be allowed to survive. The two-party system, which was often called the ideal one, will not prevail in the next phase of Japanese politics. In terms of the role Japan will play in the world context, there will be three major approaches. These will become the benchmark for dividing the new party identities.

I suspect that a few influential politicians will stick to the old liberalist approach to politics. These liberalist politicians will follow the current constitution most closely. They want to contribute to global peace without deviating from constitutional guidelines. This means that any Japanese contribution to international peacekeeping operations would be handicapped, as we have seen in the past.

The new Harbinger Party, formed by members who left the LDP, has the tendency to follow the current constitution. To establish a party identity, they will reorganize the old party's philosophy. some ideas will come from the LDP, and others from the DSPJ. These liberalists tend to esteem the value of life. Therefore, protection of the global environment and respect for human rights will become part of the core identity for the party.

Within Hosokawa's coalition, there are deep discrepancies in the views of the military role of Japan. Shinseito leader Ichiro Ozawa insists that Japan should become a "normal" country, which is able to freely dispatch its military to world hot spots. I quote, "As long as Japan has constitutional restrictions on the use of force to settle international disputes, it cannot become a 'normal' country."

Politicians who want the normalization of the Japanese role in the world will try to represent the masses. Their approach would be called "Democratic." They want Japan to be a permanent member of the Security Council of the United Nations. The supporters of this policy are cautious about Japanese jobs, so they will stick to the growth policy in macroeconomic theory. They also desire some kind of government intervention in the distribution of income, and will demand attention to food security. By taking these positions, they will be able to seek the majority in national elections. About half of the former LDP members, some of the DSPJ, and some of the Komeito will join this Democratic Party.

Hosokawa and the Japan New Party will want to continue a progressive approach in the world context. However, their method of contribution to international society will tend to concentrate on economic globalism. They will insist that international integration through business activity should be enhanced. The Japan-U.S. Security Treaty should be maintained, but a division of labour between the two nations in any international contribution will be expected by the Progressive Party.

In my consideration, most of the time, the Progressive Party and the Democratic Party will fight for the majority. Sometimes one will win, sometimes the other. The Liberal Party will at times participate to form a coalition majority.

In 1995, half a century will have passed since the introduction of the Charter of the United Nations. Five of the members of the UN Security Council were victorious powers after World War II. Since that time, the world has recorded a lot of history. It is time to discuss the revision of the UN. The 25-year-old Treaty on Non-Proliferation of Nuclear Weapons will expire in 1995. We need to consider a future in the new world context that will contain no nuclear weapons. The Economic Summits between the G-7 will turn a corner in 1995, when the third cycle of meetings will be completed. We have to discuss revision of the economic summits.

A new world situation is coming in 1995. Before that milestone year, we will celebrate the 50th anniversary of the Breton Woods system in 1994. When we talk about the world situation, new approaches should be considered. Japanese politics should be open to such agendas.

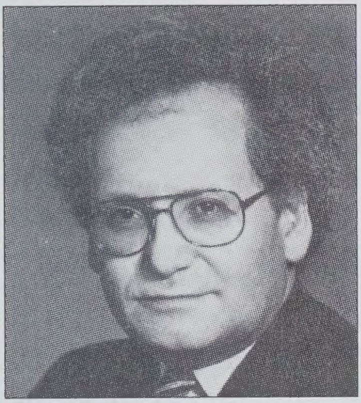
In the past, when we needed to meet a changing environment, similar political breakthroughs were equally required. But Japanese politicians did not make the necessary efforts. Changes only resulted from political scandals. After the Cold War, the theme of self-governance became the main focus of Western democracies, and contemporary Japanese politics reflect this new situation.

From this point of view, both the LDP and the DSPJ have lost their party identities. In a business-management crisis, the corporate identity tends to become a main concern. In the modern Japanese political crisis, both the LDP and DSPJ could not redefine their party identities. This was the cause of their decline.

Under the Hosokawa regime, new party identities are being forged. I predict three of these will become the dominant ones: progressive, democratic, and liberal. When the 1995 system began, the LDP, DSPJ and the Communist parties were the major components of that system. Now all of those have lost their way, and their identity. 1993 was a history-making year in Japanese politics. Our people recovered their status as masters of their political situation. I am very optimistic about the future Japanese capability to handle their political problems.

The appreciation of the meeting was expressed by Shinji Teshima, President and CEO, Mitsui & Co. (Canada) Ltd. and a Director, The Japan Society.

*President Eric Jackman and First Vice-President Julie Hannaford consult with Honorary Director Carlyle Dunbar.*



November 25, 1993

## Stanley H. Hartt

Chairman, President and CEO, Camdev Corporation

# CHALLENGE OF A MULTI-PARTY PARLIAMENT—ASSESSING THE IMPACT ON BUSINESS

Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

### Head Table Guests

Denise Cole, Special Assistant, Social Policy and Media Relations to Mayor, City of Toronto and a Director, The Empire Club of Canada; Donald Ladkin, Director, Corporate Advertising, Maclean Hunter Limited; Rev. Canon Harold Roberts, Rector, St. Timothy's Church, Agincourt and a Past President, The Empire Club of Canada; The Hon. Michael Meighen, Q.C., Counsel, Meighen Demers; The Hon. Barbara McDougall, P.C., former Secretary of State for External Affairs; Tony van Straubenzee, President, van Straubenzee Consulting and a Past President, The Empire Club of Canada; The Rt. Hon. Don Mazankowski, P.C., LL.D. former Deputy Prime Minister; Robert Dechert, Partner, Gowling, Strathy & Henderson and a Director, The Empire Club of Canada; Karl Nilsen, grade 13 student, Northern Secondary School; Heather Reisman, President, Cott Corporation; The Hon. Michael Wilson, P.C., former Federal Minister of Finance and International Trade; William J. Corcoran, Managing Director, Scotia McLeod Inc.

## Introduction by Dr. Jackman

Born in la Belle Province, Stanley Hartt had no choice about being exposed to political life. As he was learning to walk, his father Maurice, a lawyer, was elected a provincial MLA and so served until becoming a federal member of Parliament when Stanley was 10 years old.

Stanley Hartt did what was expected. First he studied law at McGill and later became a lawyer with Stikeman Elliott and for 20 years maintained an active practice and teaching commitments in labour law and labour relations. Then following almost in his father's footsteps, he became seduced by the fascination of our federal bureaucracy and joined the Department of Finance. It is rare that a distinguished professional turns to government service. Stanley was no slouch, he put in 15 minutes as an apprentice and then The Honourable Michael Wilson moved him into the office of Deputy Minister.

One might think that running all that money would satisfy most people for a while—but not Mr. Hartt. So when he was offered a chance to become Chief of Staff to Prime Minister Brian Mulroney he said, "See ya Mike; hello Brian."

In any event, Mr. Hartt received an insider's education about how the Federal Government works and is now ably suited to discuss with us how our Parliament will operate in the new Canada. What is particularly interesting is how two of the older parties, now barely represented in the House of Commons, will impact on public policy—or will be ignored. As Peter C. Newman believes "...(this past) election wrote an epitaph for Canada as a two-party state." "Trust Canadians, he wrote, to invent a new system of government; an elected dictatorship." He believes, "...we've come dangerously close to becoming a one-party state."

Before Mr. Hartt speaks, I would like to point out for those of you in the audience who have been saying, "I've seen that man somewhere before," that Mr. Hartt is indeed the amiable moderator of the cross-country televised tour of the Tory leadership debates we all watched last May and June.

That Mr. Hartt was chosen as a deputy minister, as Chief of Staff, as a television debate moderator and now, in his present position as Chairman of Camdev Corporation, is a tribute to certain of his human qualities. He is viewed as thoughtful, and as a good listener. His judgment and decisions are sound. His impartiality and even-handedness are respected. He is patient but deliberate. And he can be serious as well as entertaining.

I suspect that Stanley Hartt will demonstrate all of these qualities, and more, in his address to us today: Challenge of a Multi-Party Parliament—Assessing the Impact on Business.

Ladies and gentlemen, please welcome Stanley Hartt.

## Stanley Hartt

The honeymoon which follows the election of a new majority government is a dangerous time for any speaker to attempt to analyze the results and make predictions about the consequences. Until the euphoria over the substantial chances in the political landscape turns into the inevitable disappointment brought about by actually governing, an observer, particularly a notoriously partisan one, runs the risk of being out of step with conventional wisdom.

For one thing, I do not share the prevailing opinion that the election result should be principally interpreted as a popular rejection of the old way of "doing politics" and a protest against traditional elites. To be sure, after the Charlottetown Accord was rejected, the media were unanimous in the view that, because Charlottetown was the product of an all-party Parliamentary consensus, endorsed by every provincial government, important business and native leaders and many other opinion moulders, its defeat seemed to represent a turning away from entrenched political leadership in favour of a new inclusive, consultative and populist manner of formulating policy.

It was Kim Campbell's misfortune to believe this new orthodoxy, and polling results appeared to confirm it. People said they were angry, fed-up with being lied to by office holders, and they told pollsters that it was time for their views to be heeded, for politicians to be frank and honest with them. But on October 25, they voted for a political platform called "Creating Opportunity" that very few of them had read. The press relaxed its usual standards and did not subject the document to probing critical analysis. As a result, the content, though astutely compiled to push every hot button, did not have as much impact with the voters as the subliminal messages conveyed each time the red cover was flashed, which were "jobs" and "hope." Canadians voted for the team which offered political leadership.

They voted against the politician who began her campaign without any plans to publish a platform because that would be telling Canadians what the answers were instead of asking them. They voted against the leader who shared with them her fear of a jobless recovery, even though this is widely seen as an honest view, and for the party which promised to kick-start a $700 billion economy with $6 billion worth of infrastructure investment, despite the possibility that the programme would never be funded by impoverished municipalities and provinces, while at the same time proposing to trash many hundreds of high-tech jobs across Canada by cancelling the EH-101 helicopter contract.

Of course Canadians are fed up with high taxes, high unemployment, political perks and lavish spending, jobs for the boys, and recurring scandals. They have every right to be. I don't deny that they expressed that anger in the way they voted—Liberal, Bloc and Reform—anything but Conservative. I am arguing, however, that the Liberal majority victory was a traditional delegation of responsibility for the common well-being to a party which inspired confidence. It was not an endorsement of a new style of inter-active communication between the governors and the governed. Liberal voters never meant to be understood as having said they wanted to be the decision makers and to turn their parliamentarians into messengers. The red book won the confidence of Canadians by saying, "We'll take care of you."

I think it is more appropriate to analyze the electoral outcome in a different way. I see it as a polarization of political opinion, everywhere except in Quebec, on the great issues of vision of country and the appropriate role of government in protecting the citizenry. I say everywhere except in Quebec because there is evidently a very different vision in that province about the nature and future of Canada which should be examined separately, since the nationalist sentiment expressed in voting patterns is shared across all elements of the traditional political spectrum, from left to right, from trade unionists to educators, from journalists to entrepreneurs. I will come back to the Bloc and its third vision for Canada in a moment.

The two fundamental visions which competed for the affections of English Canada in the 47-day campaign were about differing reactions to clear, undeniable phenomena. Canadians are aware that Canada grew wealthy in an era when its natural resources—minerals, fossil fuels, forest products, hydro electric power—were in great demand. We value the society we have built precisely because we made a collective choice to spend a significant part of the resulting abundance on an old age and retirement security system, a medical care and hospitalization plan, state-funded post-secondary education, generous unemployment insurance, the Canada Assistance Plan for welfare recipients and social assistance, family benefits, allowances for veterans and the disabled, compensation for injured workers, all of which have created an enviable social safety net.

But Canadians are uneasy about changes in the world which challenge the applicability of the formula which brought us so much success. The era in which Canada enjoyed comparative wealth by organizing its great resource industries to pump it up, dig it out or cut it down is being supplanted. The new newsprint plants are located, not in remote forests where the trees are, but in large centres, close to the printing plants, where de-inking technologies and a supply of recycled fibre make them more efficient.

New technologies in resource extraction and processing have made our specialties more accessible to competitors, and more marginal finds more economically exploitable. Falling world commodity prices were a partial result of these phenomena. World interdependence produced an increasing trend to openness and integration among nation states and a movement to new international forms of competition among firms. Developments in manufacturing efficiency produced rationalization and dramatically shifted employment growth to new occupations, particularly in high-technology, idea-based products and services.

The old Canadian social compact, based on protectionist and interventionist government economic policies and on redistributing the fruits of resource-driven growth to individuals and to other levels of government, did not, and could not, have a lifetime warranty.

These trends have left many Canadians concerned and nostalgic for the days when governments could effectively shelter populations from adverse developments. When the outgoing government responded to the new forces unleashed in the world economy with measures which included a Free Trade Agreement with the United States, a NAFTA to expand free trade to Mexico, tax reform and the GST, a committed fight against inflation, and a programme of deficit reduction that resulted in downsizing and cuts to familiar institutions, like the CBC and Via Rail, this was too much change at once. Compounding this sense of "what is happening to my Canada" were the crippling recession induced by debt-ridden public and private balance sheets, permanent structural shifts in the profile of the world-wide manufacturing sector, and two unsuccessful attempts to improve the Constitution.

For some Canadians, this policy mix entailed a national betrayal. Our prosperous and tolerant country was being forced into a competitive struggle with other societies which was out of step with the traditional vision of Canada, when our confidence rested on the bedrock of a conviction that our destiny was ours to control. Wasn't it only yesterday that government-subsidized cultural institutions and transportation enterprises united the country? We protected ourselves against foreign investment, foreign control of our energy-producing industries and against paying the cost of research for new pharmaceutical products.

Audrey McLaughlin said, during the election campaign, that the Liberals campaigned like socialists and governed like Tories. It would be unfair and inaccurate to argue that the red book advocated a return to the past, or that I expect the Liberal Party will govern as they did in the past. Indeed, the composition of the new cabinet seems to indicate a desire to empower those ministers who will give confidence to investors and control or isolate those whose more progressive ideas might be cause for alarm. But the appeal of the Liberal Party, studiously and cleverly cultivated, was to that portion of the populace that most disliked the changes being imposed on the Canadian paradigm.

On the other side, Reform voters and the two-million-plus Conservative voters knew that the changes occurring in Canada were a realistic response to changing world and Canadian circumstances. The change in public policy mix happened at the same time in all developed countries. Canada was not the only place in the world where comfortable traditions had to be abandoned in order to protect the best of what had been created.

The conservative revolution did not spring from the minds of Margaret Thatcher and Ronald Reagan in order to further the agenda of the greedy and heartless. Rather, the more conservative approach to public policy flowed from a reaction to the excesses of the Keynesian burden. When Mrs. Thatcher came to power, the U.K. was an I.M.F. basket case.

The Canadian welfare state and the debt it would occasion were not sustainable once the immediate post-war boom, in which real incomes doubled every couple of decades, abated. Governments are no longer the appropriate instrument for solving all macro-economic problems. Societies cannot indefinitely redistribute more wealth than they create. The ability of governments to command desirable outcomes is past. The real threat to our well-being lies abroad, beyond the scope of our government's writ.

Where Reform and Conservatives differed was in their view of how ready Canadians were to respond to the challenges to the traditional Canadian vision. Reformers did not vote against Conservative candidates because they dismantled familiar institutions. They voted against Conservatives because we said we would reduce the deficit and left it higher than we found it. We failed to take advantage of the high-growth years, from 1984 to 1989, to take a substantial bite out of the apple, so that when the automatic stabilizers built into some of our transfer programmes, and lower tax revenues, came into play in time of recession, we would still have made net progress in reducing the annual shortfall.

The Conservatives did what all parties in power do. It tried to occupy the political centre. This meant reducing the deficit, but not too quickly. It meant selling every anti-deficit measure as a reduction in the rate of growth of this or that programme, and, God-forbid, not as a cut. It meant saying, during the recent election campaign, that reform of social programmes was too important to be debated during the 47-day writ period, even while Mclean's Mary Janigan, no right-wing ideologue she, was writing about "Social Programs: the cuts to come," and saying, "The politicians have failed to tell voters the whole truth about the looming crisis in programme funding."

Understanding about the deficit and the dangers it poses for our future and that of our children has grown and developed since 1984, when Brian Mulroney was confronted on Parliament Hill by the little old lady who coined the immortal phrase "Bye-bye, Charlie Brown." Even Brian Mulroney may have underestimated the extent to which he was successful in winning the hearts and minds of Canadians to the cause of fiscal responsibility. Ironically, the political margin of maneuver for governments in tackling the deficit is larger in 1993 than it was in 1984.

If the Liberal vote should be interpreted as a desire to maintain the old, comfortable relationship between government and governed and the Reform vote as a wake-up call to confront new facts, it is far more serious that these two visions of Canada appear to be regionally based, with Atlantic Canada and Ontario hoping that activist governments with programmes can protect Canadians from the uncertainties of globalization, while a majority of the MPs from the four Western Provinces believe that jobs will be created by the private sector only when the government gets out of our face. Regional tensions are great enough in this wonderful country of ours. To have them reinforced by ideological differences makes both the regional and the ideological conflicts more acute.

So where does this leave us? Canadians face a number of challenges. Most important are the economic challenge and the constitutional challenge.

The economic challenge is well known: Our unemployment rate is unacceptably high, but the quality of jobs is every bit as important as the number. If the electorate is comfortable with the way things were, we will never generate the high-skill, high-value-added, high-wage jobs of the new economy. If we continue to run massive deficits at both the federal and provincial levels, private investors, domestic and foreign, will shun Canadian investments, fearing that taxation or inflation or both will be used to confiscate expected returns in order to service, or devalue, the debt.

Our deficit for the year ended March 31, 1993, has been announced as $40.5 billion. The deficit track set out in last April's budget is considerably higher than the $32.6 billion expected this year, $29 billion expected for 1994–95, $21 billion in 1995–96, $14 billion in 1996–97 and $8 billion in 1997–98. Economic growth is slower than predicted, the recovery sluggish. The vicious circle of recession increasing the deficit and the deficit impeding recovery is fully upon us.

Yet we are operating with both hands tied behind our backs—$465.3 billion in federal debt at the end of the last year, coupled with a record provincial debt, left us with a national public sector debt of $650 billion last year. This was more than 90 per cent of last year's GDP, one of the highest ratios for a country that has not yet felt the cold embrace of the IMF with its imposed adjustment programmes. The IMF will not tell Ottawa that our social programmes are a sacred trust and cannot be touched.

We would be far better to deal with the funding shortfalls your social programmes are already experiencing. To do this, Liberals will have to renounce past axioms and adopt what will look very much like a Tory agenda. The stated Liberal goal of three per cent of GDP will be an unacceptable level for the federal deficit, and markets will react poorly to the prospect of adding $100 billion to the debt every four years, which our government tells us it is prepared to accept.

If we shun trading arrangements because they mean changes to our industrial structure and employment patterns, the world will grow around us and without us. If we spurn foreign investment, we may find out that the real danger is that investors decide Canada is not worth the risk or the trouble. If we are prepared to live with a little inflation, we may be forced to live with a lot. If we rely on income taxes to pay for our social programmes instead of consumption taxes, we will become uncompetitive and price ourselves out of external markets because businesses price with their after-tax net in mind. Yet we rely on trade for 30 per cent of our GDP. If the total tax burden is not reduced, the resolve of Canadians to shoulder, and own up to, the burden of paying for our way of life while servicing excessive past spending, may falter, and we stand to lose everything that we cherish.

For our newly-mandated leaders, the implication is clear: Despite the temptation to govern with a centrist agenda, realities must be addressed, and myths debunked. Competitiveness must not be allowed to become a dirty word. Deficits matter. The markets, so enthusiastic at the election of a majority government and comforted by the selection of ministers in a slimmed-down cabinet, but nevertheless nervous about our deficit and unity challenges, will turn on Canada in a second if they see the slightest sign of pandering to a tax-and-spend nostalgia when the $6 billion infrastructure programme is finished and unemployment is still over 10 per cent. The Liberals are bound to disappoint those of their voters who wanted to define the Canadian vision the way it had been defined for decades.

The exciting thing is that the new government can make a difference. Even if the era of blockbuster programmes is over, government leadership is still critical if we are to succeed in adapting our society to the new realities. Skills and training initiatives, designed to create harmonized and portable programmes with national standards would have the additional benefit of making the existing Constitution work. The jobs of the future cannot be inhibited by jurisdictional boundaries.

Harmonization of tax policies and co-operation in limiting the aggregate tax burden imposed by all levels of government, as well as the elimination of all remaining inter-provincial trade barriers will all add to our competitiveness.

The cost of capital must be lowered and new encouragement found for venture capital and research and development.

Most importantly, we must reform the funding of our social programmes so as to make them sustainable. Transfers to persons and other levels of government account for $67.7 billion this year, over 43 per cent of total federal budgetary expenditures and over 56 per cent of total programme expenditures, that is, all expenditures other than interest on the national debt. Attacking the deficit problem without addressing this category of spending is like trying to lose weight without dieting or exercise. This is where the money is. It is also the greatest threat to our hopes for fiscal sanity because these expenditures, certainly those for health care and education, are rising faster than our ability to provide for them.

Transfers to individuals and governments have also been left relatively untouched, largely because of the howls about "sacred trusts" that surrounded all past attempts to nibble around the edges, so afraid were Canadians that no one could be trusted to reform the funding of social programmes with honourable intentions.

Other areas of government spending have, on the other hand, been cut time after time: payments to crown corporations, defence, international assistance, government operations.

Just as Richard Nixon could go to China, and Rene Lévésque and Bob Rae could roll back public-sector wage agreements, perhaps the Liberals can save the social programmes they are identified with by the application of some tough love. Who has more compassion—the doctor who amputates a toe to save the foot or the one who tells the patient everything is fine?

Last spring the Deputy Minister of Finance, appearing before the House of Commons Finance Committee, was asked whether he would be able to serve in a government of a different political stripe, should one be elected.

"Certainly," he replied. "They'll all have to do more or less the same thing."

Far less easy to deal with is the unity challenge. Her Majesty's Loyal Opposition is composed of 54 Québécois dedicated to the separation of Quebec from Canada. Like Babe Ruth pointing to the centre field fence, they have let us in on their game plan: first, a provincial election next year; then, a referendum on sovereignty, with the declaration of independence scheduled for June 24, 1995.

The polls indicate that the sovereignist Parti Québécois would win a provincial election if it were held today. Of course, since a week is an eternity in politics, there is still plenty of time for the unexpected to happen. Daniel Johnson, Jr. could prove more popular as the replacement for Robert Bourassa than he appears today. Or Quebeckers might try a variation of past patterns of perverse voting by sending separatists to Ottawa while electing federalists at home. Or Jean Allaire might do to Jacques Parizeau what Roderigue Biron did to Robert Bourassa in 1976—in this case, split the sovereignist vote so that the federalists sneak up the middle.

The poll published in the current issue of the Financial Post Magazine should not give us as much comfort as the screaming cover line ("Quebec Wants to Stay") implied. We have always known that on a straight, brutal question, independence loses. What is less clear is the kind of mandate that might be obtained by manipulation of the question in the grey zone of more sovereignty coupled with some new association with the rest of Canada.

All of this masks the fundamental fact that the rejection of Meech Lake and Charlottetown did not produce a solution to the underlying claims and dissatisfaction which started the interminable constitutional haggling in the first place. This unrest is fundamental, not only in Quebec but among our native population as well. When well-justified, historical complaints are not addressed by constructive and innovative solutions, don't be surprised when some less attractive alternatives emerge. It is not good enough to shrug these off as nonsense.

Quebeckers have long sought constitutional jurisdiction to ensure the survival and development of the French language and culture. Since the Quiet Revolution, this has included not only education and culture, but the means to ensure that Francophones can earn their living, and demonstrate their competence and be promoted and thrive in French. What they were promised in order to induce them to vote No in the 1980 Referendum was renewed federalism. What they got was an amending formula, patriation and an entrenched Charter of Rights. Reasonable as these may be, they are not "renewed federalism" to Quebeckers because they do not deal with the division of powers or enhance Quebec's ability to remain French. Worse, this was all done without the consent of the Quebec government of the time—the sovereignist PQ government led by Rene Lévésque.

Telling Quebeckers that they are bound by the new Constitution despite the absence of their consent does not inspire greater loyalty either. The only thing that would have worked was getting the duly elected government of Quebec to sign on to the new arrangements.

This was what Meech Lake was all about. While some opponents argued that further appeasement of Quebec's demands would only whet its appetite for more and would not solve the dissatisfactions of generations, the fact is that Meech was widely heralded and accepted in Quebec. Even Jacques Parizeau and Lucien Bouchard had to position their opposition to the McKenna proposals and the Charest Report as an attempt to "save" Meech. Of course Quebec would not renounce its right to ever make a constitutional proposal again. No other province had to; why should Quebec? But I put it to you that a photograph of Robert Bourassa signing a unanimous agreement bringing Quebec voluntarily into arrangements to which it was already technically bound would have had a psychological impact on all future relations. Talk of being left out, of having Quebec's powers diminished without its consent, would never have washed again.

I also believe that the price of Meech Lake—if it was a price—was minimal compared with what we face now. Jean Chrétien may well reflect that he would have been better off coming to office with the constitutional crisis behind him. His support for the Accord might have enabled him to benefit once in power from the calm its adoption would have produced, with Brian Mulroney bearing all the blame for Meech's unpopularity in the rest of Canada.

So here we are—faced with the prospect of divided country just when we need stability. Worse, most of us are telling our political leaders we are sick and tired of constitutional debates and only want to hear about jobs. No greater threat to jobs faces us than the unsolved constitutional problem, even the unsolved deficit problem. The separation of Quebec cannot be expected to take place on a friendly basis. The economic union we now enjoy could not be re-established without skipping a beat as Mr. Parizeau claims, even if non-Francophone Canadians were so emotionally numb as to not mind the removal of a piece of their country without their being consulted. Mr. Parizeau's "business as usual" model is based on a caricature of English Canada—an English Canada which he does not understand—an English Canada which he sees as interested only in profits, phlegmatic, rational, with ice-water in its veins. Quebec's proposals on shares of national debt, assets and territory to be assumed by a separate Quebec would appear to most level-headed, business-oriented non-Quebeckers as confiscation and produce a schism in the free flow of goods and services that would severely damage both sides in this highly complementary economic relationship.

It is true that Quebec would suffer most, but Ontario would be close behind. When your customer is broke, you don't make many sales. In short, Ontario would suffer economic dislocation that would make the last recession seem modest by comparison. So much for "let'em go." Furthermore, Quebec's accession to free trading arrangements with the U.S. and Mexico is not to be taken for granted, particularly when the subsidy practices on which so much of Quebec Inc. is based are offensive to existing national and international trade law. And, Mr. Manning, every other province has an economy that is complementary with Ontario's, so the cost of "let'em go" will be paid Canada-wide.

This, then, will be Mr. Chrétien's greatest challenge—how to appeal to the majority of Quebeckers who want revised constitutional arrangements without talking about the Constitution; how to deflect threats of a PQ government in Quebec, with dollars we do not have. In any event, the cancellation of the helicopter contract is a clear indication our new prime minister has no intention of using bribery.

It won't go away folks. It has to be dealt with. So do the well-founded, overdue claims of natives. On the Constitution, as on the economy, the Liberal majority will have to do what the ousted, marginalized, chastened Conservatives did—confront Quebec's expectations and deal with them.

As for the New Democratic Party, its fate is proof of the proposition that governing is different from opposing. When the bond salesmen told Bob Rae how his spending shortfalls were impacting markets, he had no choice but to take some drastic measures which cost him his labour constituency in a permanent way which no amount of social engineering could redeem. As Reform has scooped the right, the Liberals have scooped the left.

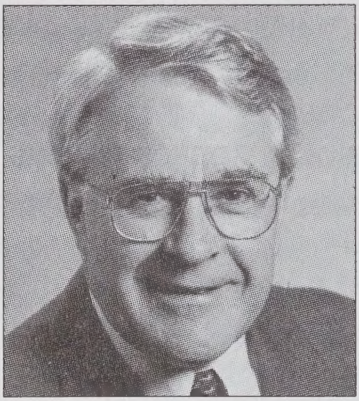
Will the Conservatives survive to rebuild? I certainly think so. Using alliances with provincial parties, perhaps sharing facilities and organizations, relying on volunteers to replace paid staff, basing its parliamentary research function on its presence in the Senate and using its Senators as the core of a roster of policy spokespersons, the Party will reorganize and continue. About a year from now, the Conservative Party should hold a policy conference to renew its intellectual capital and decide on its ideological place in the sun. Governing with pragmatism did not endear us to the supporters of either vision of Canada. We will do better offering political conviction.

For the political junkie, the next four years will be fascinating.

The appreciation of the meeting was expressed by Tony van Straubenzee, President, van Straubenzee Consulting and a Past President, The Empire Club of Canada.

*The "Media & Society" series drew Past Presidents Nona Macdonald and Tony van Straubenzee.*

*Club Director Thomas Wells and guest speaker, The Hon. Kim Campbell.*



December 2, 1993

# The Hon. John Savage

Premier of Nova Scotia

# BEYOND BUREAUCRACY: GOVERNING FOR THE NINETIES

Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

**Head Table Guests**

John A. Campion, Partner, Fasken Campbell Godfrey and 1st Vice-President, The Empire Club of Canada; Howard Cohen, President, Design Exchange; Derek Brown, Vice-President and Director, RBC Dominion Securities; Paul Hellyer; Harry T. Seymour, President and CEO, Pathfinder Learning Systems Corporation and a Past President, The Empire Club of Canada; Lyn McLeod, Leader of the Liberal Party of Ontario; Mary Byers, Co-author of the forthcoming book, *Atlantic Hearth, Early Homes and Families in Nova Scotia*, to be published in 1994 and a Director, The Empire Club of Canada; Robert Kelly, Executive Vice-President, Finance, Toronto Dominion Bank; Rev. Dr. Arthur P. Lee, Minister, Agincourt Baptist Church; Tony Fell, Chairman and CEO, RBC Dominion Securities.

**Introduction by Dr. Jackman**

Premier John Savage is in one special way an historical artifact. All of Canada's other premiers were and are native-born Canadians. Only Premier Savage is not. He was born in Wales of an Irish physician father and Welsh nurse mother. He came to Canada in his mid-thirties, worked as a physician, became fascinated with the social problems of Nova Scotia and succumbed into the world of partisan politics. That he is Canada's only non-native born premier gives evidence, on the one hand, to what a wonderful land of opportunity Canada really is or, on the other hand, how desperately Canada needs immigrants.

Married to Margaret, they have lived in Dartmouth 26 years (since 1967). They have seven children, the last of which, Brigit, was born in Canada.

The Premier, as a young boy, was educated at a boarding school run by Irish Christian Brothers. He later attended Queen's Medical School in Belfast. As an all-around boy he was elected president of the Student Council and he also received his "rugby blue."

After medical school he served three years in military service on a troop ship serving the Near and Far East. Following that he established a family medical practice in a small Welsh town outside Newport.

Now he moved to Canada in the mid-sixties about the time of Expo in Montreal, as you remember, when the 50s, 60s and 70s were great boomtimes in Canada and they weren't the 80s and 90s as we know it now. Canada was a land of opportunity, great promise and optimism. It was to this country that Dr. Savage came. Joining the Dartmouth Medical Centre, he was on the faculty of the Dalhousie Medical School and a trainer in the family practice residency programme.

Since that time, he has contributed to Dartmouth as a physician, a leader in many community initiatives, as Chairman of the Dartmouth School Board and as Mayor. He helped start day-care centres in communities where they were needed and established drug-addiction programmes. For his work in setting up the first detox centres he became known as the "hippie doctor."

Dr. Savage first became mayor in 1985. He was re-elected twice before resigning to become leader of the Liberal Party.

In 1989, the Winnipeg Free Press (July 29/89) stated, Dartmouth Mayor is Nova Scotia Liberals' dream candidate—MacKay.

As Mayor of Dartmouth, Dr. Savage pioneered the concept of a "healthy community." He established many firsts in Dartmouth, including an annual celebration of multiculturalism and the first ever municipal book awards. Two years ago he was instrumental in getting Peter Gzowski, from Toronto, to hold his first Golf Tournament for Literacy in Nova Scotia.

On June 20, 1992, he was elected leader of the Nova Scotia Liberal Party.

One year later on May 25, 1993 Dr. Savage was elected premier of Nova Scotia. His party took 40 of 52 seats and ended 15 years of Progressive Conservative government.

His achievement was greeted by headlines and bylines across Canada:

> Halifax Chronicle Herald—May 20, '93; John Savage: former hippie doctor campaigns with caution.
> Calgary Herald—May 27, '93; "Welsh windbag" buckles in.
> Vancouver Sun—May 27, '93; A "come from away" rises above Savage epithets to premiership.
> Financial Post Daily—May 26, '93; Liberals sweep Nova Scotia election.

In office only six months, initiatives are beginning to come forth. We are interested Mr. Premier, in what your plan is for your province. We are interested in knowing you better as Canada's newest premier. So please welcome Dr. Savage who will speak to us about Beyond Bureaucracy: Governing for the Nineties.

### John Savage

Thank you, Mr. Chairman and I want to thank The Empire Club for the kind invitation to be here today.

I am delighted that Lyn Macleod is here today also. Lyn travelled to my home town, Dartmouth, Nova Scotia, almost a year ago now. She was the keynote speaker at the convention which nominated me as the Liberal candidate for my riding. I felt very honoured that she agreed to join us.

This is my second trip to Toronto since our government was elected in May. I always enjoy visiting this city. Not only is it a cosmopolitan and multicultural city, the entire Canadian landscape is reflected on the streets of this town. Toronto is home to immigrants from every region of Canada, including my own region, the Maritimes.

Maritimers call it "goin' down the road." There are many ex-patriot Nova Scotians here. Most of them left our part of the country because it could not offer the same opportunity as Toronto or Calgary or Vancouver. They are economic refugees. Like all economic refugees, they were driven here by a dream. A dream of a better future. A dream of finding a job at the end of the unemployment line. In 1980, those dreams usually played out into "real life." In 1990, they are almost as illusive in downtown Toronto as they are on the streets of Sydney, or the coastal towns of Nova Scotia's eastern shore.

We are all facing the same collision with reality, the same challenge to rethink what it is we do, why we do it, and how we do it—as we enter the world of the 21st century. Governments are challenged to develop new ways of doing things, not just because of the demands of fiscal restraint. We must develop new ways to do things because the old models are rigid, inefficient, and ill-suited to a world defined by dynamism and change.

Ladies and gentlemen, the economic downturn of the past couple of years has been called a "recession." But, of course, it's more than a recession. Our economy has gone through radical and fundamental changes. In Nova Scotia, many of our traditional resource industries are in a state of virtual collapse. Changing market conditions have been compounded by ecological pressures, such as the collapse of the fishery. Seventy thousand Nova Scotians are not just "unemployed." Many of them face the possibility that their old jobs will never return, because those jobs simply do not exist any more.

Some analysts are already comparing today's electronic revolution with the industrial revolution that transformed the world in the final decades of the 19th century. We are challenged not just to adapt to changing technology. We are challenged to look beyond the status quo, and to seek the new paradigms that will redefine our current "problems" as new opportunities and new ways of doing things.

It is a difficult challenge—but not an impossible challenge. Things are tough right now in Nova Scotia, but there are many new opportunities in the picture. Think, for example, about that "highway of dreams" I referred to earlier—a lifeline that has traditionally connected small communities in Nova Scotia with job markets in Toronto. Generations of Maritimers and Newfoundlanders have "gone down the road," leaving behind communities robbed of hope, robbed of their best and brightest. Today that highway no longer stands as a physical obstacle between my home town and yours. The paved highway is rapidly becoming obsolete. It's been replaced by an electronic highway. Nova Scotians are realizing that they are no longer at a disadvantage because of where they live. As a matter of fact, we are beginning to think of our geographic location as one of our best assets—and if you have been to Nova Scotia you will know exactly what I mean.

I suspect you have begun to think about Nova Scotia and its potential in a new way as well, or you would not have asked me to be here today. As the Premier of a new government, my challenge is quite clear. Adapting to the status quo is not an option. Government reform and restructuring is the central theme in my leadership. It is no longer a matter of choice. At a time when governments would like to spend more, to boost the economy and to relieve some of the pain created by economic turmoil, the cupboard is bare.

We must create the conditions which will spawn the growth of a new economy and create jobs. But we must do it without capital resources. We must protect health care and social services. But we must protect them by pruning them back. We must reposition ourselves for the revolution of the 21st century. But we must do it on a shoestring. We must bring our finances under control. But we will probably have to lay people off in order to do it. We must govern better by governing differently, and governing less. These seeming paradoxes are the daily bread of politics in the 90s.

In May, Nova Scotians voted overwhelmingly for change, and our government was elected with a large majority. Nova Scotia Liberals came to office, after 15 years in opposition, with ambitious social and economic plans and a determination to change the style and substance of government in our province. We began work on that agenda, right on day one. We do not believe we can afford to wait until our second or third year in office to make the tough decisions.

Our priorities are economic development and job creation, together with government restructuring and reform, and a four-year strategy for re-establishing fiscal control. It is a three-pronged goal, but it is really a single goal, because it will take all three working together to build a better future for Nova Scotians, and a better climate for business. We believe that providing Nova Scotians with better service from government, at a cost they can afford, is not just a step towards fiscal control. It is an important step towards creating a more dynamic environment that will help give our province a competitive edge.

Our first order of business, by necessity, has been some major housekeeping. The previous "tenants" left us with some rather nasty financial surprises. We found a government three months into its budget year, with no budget and no control on spending. In some departments, the entire annual budget was spent, and more, in the first three months of the budget year. We found a government that was not just in disarray. It was a government mired in cynicism. A government that kept borrowing money, rather than making tough decisions. Our province, less than one million people, carries a net debt approaching $8 billion. Our current operating deficit is $400 million. Twenty-one cents of every dollar in revenue must be spent to service the debt. Clearly, this pattern cannot continue.

This fall we passed legislation committing the government to a four-year programme of spending cuts. Next year and the year after we will cut operating expenditures by three per cent annually. In each of the following years we will reduce expenditures by an additional two per cent. We chose this course because government cannot legislate balanced budgets. It can only control expenditures, while making every effort to shore up its revenues. Our objective is nothing short of a major turnaround: to produce an operating surplus by fiscal 1997–98. The New York credit rating agencies wondered if our fiscal programme was too ambitious. We think it is realistic and achievable.

But to achieve our cost-cutting goals, programmes will be eliminated. There is no other way. In the weeks and months ahead, we face tough decisions.

We must maintain and improve delivery of those services Nova Scotians, indeed all Canadians, value most. Necessity demands that we eliminate, or fundamentally alter, the remainder. In Nova Scotia, an uncompromising review of every aspect of government is well advanced.

We have initiated management audits in seven major departments. They are being conducted by outside consultants with no vested interests. Only two have been completed so far, but already, the process is uncovering a maze of inefficiency, needless red tape, isolated bureaucratic empires, high stress, low morale, dismal productivity—in short, broken government, and an inefficient, rule-driven bureaucracy that is completely ill-adapted to respond to the demands of a world in transition.

The solutions include cutting out layers of bureaucracy; wholesale elimination of departments, agencies and divisions; decentralized decision-making; new management ideas and radically altered attitudes. It won't be easy.

Establishing working structures and systems to replace stifling bureaucratic controls is only half the equation—the easy half. Changing attitudes, altering the very culture of the public sector will be more difficult. The days of guaranteed job security, regardless of performance are gone. Productivity, creativity and flexibility will be requirements for success in the public sector, just as they are in private business. We will be hiring more senior managers on term contracts; bringing people in from the private sector to do a specific job. This would allow constant renewal, new ideas, new styles, a more vibrant workplace. Changes of this magnitude are frightening, there is no question. But they are also a source of new hope.

Our reform of Pharmacare—the provincial drug plan for seniors—is a good example of the benefits that can be achieved through healthy and constructive government reform. The government attacked inefficiencies in the delivery of seniors' Pharmacare and enacted reforms that will save that vital programme from oblivion. We did not increase costs to seniors. We maintained the programme not by spending more but by spending smarter. We saved between ten and twenty million dollars, by addressing the problem of over-medication that has been undermining the health of seniors for years. That same approach will be applied right across the health system.

Another area where fundamental, substantive change is well under way is in our economic development efforts. Our government has rejected the traditional, failed models of economic development. Taxpayers can't afford any more hand-outs to industry. That economic development model was a dismal failure at any rate. As often as not the subsidized industry, and the jobs it brought, disappeared as soon as the free money ran out. Our new economic focus is a community-based model. It is built on the philosophy that people know what will and what will not work in their home communities. It rests on the idea that public investment dollars are safest when entrusted to people with a stake in the success of the enterprise and a stake in the community.

Grants are out. Loans are in. The government's role is to provide customer service, technical expertise, to ensure there is an adequately trained work force and to provide infrastructure.

A lot can also be achieved by governments working together. In the past few months, Maritime and Atlantic co-operation has taken on an important new dimension. With the co-operation of Premiers McKenna, Wells and Callbeck, the Atlantic provinces have worked out joint agreements that will positively affect the delivery of health care, education, as well as joint purchasing. These successes have involved some individual sacrifices. But parochial interests have been set aside because there is good faith and agreement between the parties. Agreement that as leaders, our job is to accept the changes that will bring about better government, at a cost taxpayers can afford.

In our relationship to the Federal Government, what we seek is not hand-outs, but partnership in our economic development plan. Ottawa has a role to play in infrastructure development by helping to ensure workers are properly trained for the jobs that will exist. A long-term economic goal of federal and provincial governments must be the elimination of the wide economic disparities across Canada. Ultimately that will spell an end to equalization payments. But that day is a long way off.

Meanwhile, the private sector is not waiting for the politicians to negotiate equalization. The private sector is creating a level playing field of its own, by going head to head with the competition in the global marketplace. Nova Scotians are determined to cast aside the "poor cousin" mentality that has pervaded the Maritimes, because they know the traditional geographic barriers to doing business in our region have now lifted. They have been replaced by an electronic marketplace in which Nova Scotia is well-positioned for success.

- We have a unique coastal location, easily accessible by air and sea to North, South and Central America, and to Europe.
- We have a highly-trained work force, and one of the finest university and training infrastructures in Canada.
- We have medical and medical research facilities which are now being recognized as major drawing cards by the pharmaceutical industry.
- We have a small but exceptional information sector, already leading the way in key areas of expertise and innovation, such as telephone voting and its many applications.
- We have an enviable lifestyle and a pristine and beautiful environment. This may be Canada's best kept secret.

Ladies and gentlemen, I mentioned earlier that our government came to office with an ambitious agenda. In Nova Scotia many have said our agenda was too ambitious, and led to rookie mistakes during our first legislative session. Yes, we made mistakes. But we have managed to move forward on many fronts.

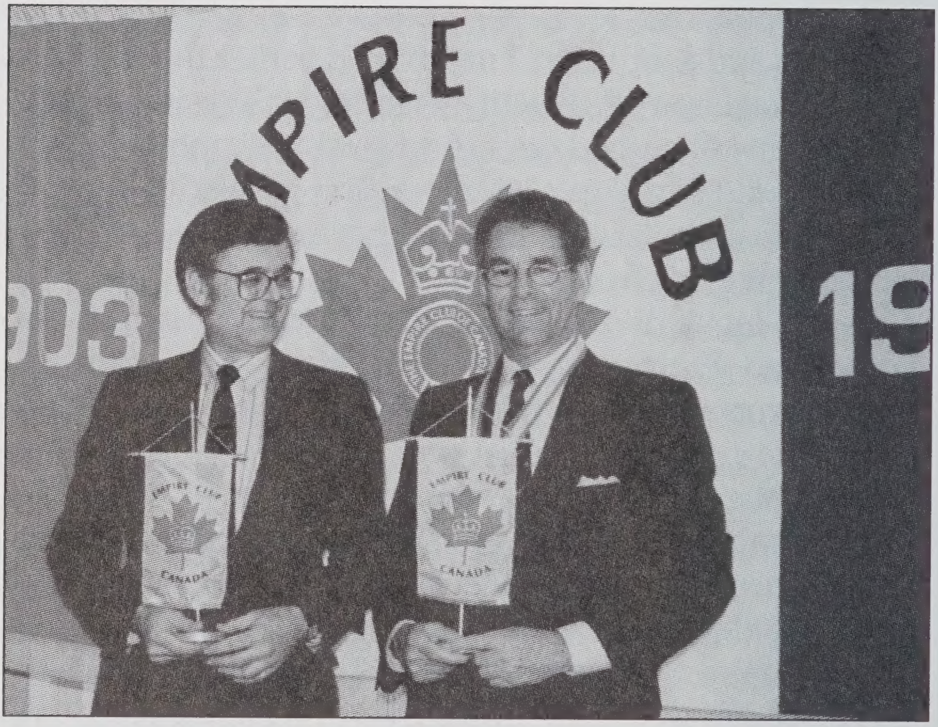
In the legislative session just ended—our first—we introduced 48 pieces of new legislation. That is just the ground work. The reforms I have talked about really will not begin to shape until the new year. We anticipate another busy legislative session in the spring.

There are critical times in the history of Nova Scotia. This is one of those times. What we do, or do not do, right now, will determine whether or not our province survives. I believe that we will rise to the challenge.

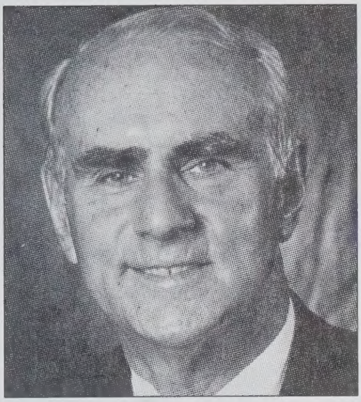
The tough decisions made by government today will mean a better Nova Scotia tomorrow. The hard choices made today will mean a healthy economy and employment for our people. We will be bold. We will be courageous. And we will be prepared to do what is difficult—because if we combine that with the resources and possibilities inherent in our province and in our people, we cannot fail.

Thank you very much.

The appreciation of the meeting was expressed by Harry T. Seymour, President and CEO, Pathfinder Learning Systems Corporation and a Past President, The Empire Club of Canada.



*Club Director Ed Badovinac and President Eric Jackman show off The Empire Club's new 90th Anniversary banner and head table pennants.*



December 16, 1993

# The Hon. Henry N. R. Jackman

Lieutenant-Governor of Ontario

# CHRISTMAS LUNCHEON

Seasons Greetings from the Lieutenant-Governor
and
Special Performance by the St. Michael's Choir

Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

**Head Table Guests**

Larry Stout, CTV News Broadcaster and a Director, The Empire Club of Canada; Mario Sturino, Quarterback for the Varsity Blues, University of Toronto; Rita Deverell, Senior Producer and Anchor, Vision TV; Dr. Charles Bryan, Professor Emeritus of Anaesthesia and Pediatrics and Senior Scientist, Research Institute, Hospital for Sick Children; Joseph Rotman, President of the Board of Trustees, the Art Gallery of Toronto and Chairman and CEO, Clairvest Group Inc.; Hazel Self, member of the Able Disabled Creative Arts Centre; Betty Roman, long-time patron of the St. Michael's Choir School; Bishop Taylor Price, Suffragan Bishop of Toronto and Area Bishop, York-Simcoe; William Whittaker, Q.C., Partner Lette, Whittaker and Honorary Director, The Empire Club of Canada; Maureen Hughes, student in the Public Relations course, Durham College, Oshawa; Herbert Carnegie, former Canadian Seniors Golf Champion and star hockey player with Quebec Aces; Maria Roman-Bricknell, Executive

Director, The Lung Association of Ontario and a Director, The Empire Club of Canada; Frances Hyland, star of theatre, television, radio, TV and motion pictures; Rowland Fleming, Deputy Chairman, President and CEO, National Trust Company.

### Introduction by Dr. Jackman

Ladies and gentlemen, let me introduce our Lieutenant-Governor. His Honour's kindness and hospitality is known to many. As is his custom he has invited all members and friends of this Club to a New Year's Levee in his official suite at Queen's Park.

You know, there is barely a day that goes by when some people, recognizing a similarity in our surnames, ask if I am any relation to the Lieutenant-Governor. The answer is yes, he is my brother. Since he is older he has been my brother actually for quite a while.

This holiday season is a time for giving, for sharing and for family. So I would like you to know that there is no one in the province of Ontario who gives more of himself—on a day-in, day-out basis—than Hal does to so many groups and organizations, including our beloved Empire Club. I thank you for being with us.

Ladies and gentlemen, please welcome a Past-President of The Empire Club and our Lieutenant-Governor, Henry Newton Rowell Jackman.

## Lieutenant-Governor Jackman

Thank you very much Uncle Eric. It is a great privilege and a great pleasure for me to be here at the annual Empire Club Christmas luncheon for a number of reasons. First, as my brother has told you, I was President of The Empire Club, now 21 years ago. I can appreciate the experience of stepping up to this lectern every week.

I enjoyed my experience as President of this Club and I will always have a very warm spot for The Empire Club and its extended family.

In this past year I have witnessed the wondrous joy of seeing this province. I recognize what a great honour it is to be the Queen's representative in and for the province of Ontario. I realize the responsibility it entails when I bring greetings to her loyal subjects here in this city and in every town and village in this province. I bring greetings to each of you today.

This is Christmas-time. It is a time when we think of those values that we associate with Christmas, and I think they are not too different really than the values we associate with membership in the British Commonwealth and the monarchy, to whom we owe so many of those traditions which have made Canada great.

One of those traditions, of course, is that our country provides the opportunity to achieve excellence. But that excellence in itself will ring hollow unless it is shared with those who are less fortunate. That is the spirit with which we approach the Christmas season and it is the spirit in which you are all here with us today.

I am delighted that the St. Michael's Choir is with us today. It is an organization which I have admired for many a year. Ladies and gentlemen, you are indeed going to receive a great treat.

*The 1993 Christmas Luncheon gathering of The Empire Club of Canada featuring the St. Michael's Boys Choir and the old Club banner.*

So thank you very much ladies and gentlemen for allowing me to be here. I know I speak for all my predecessors when I say the Lieutenant-Governor always looks on this occasion with The Empire club of Canada as one of the high points of the Christmas season. Thank you very much.

**Eric Jackman**

Thank you Your Honour. We always appreciate the kind words you bring on behalf of Her Majesty.

This is the Club's 90th Anniversary and we celebrate this special benchmark year as well as this holiday season, with a small gift to each of you. The small pine tree at each place may be taken home and potted and then in the spring the baby pine may be planted in the ground. We are grateful to Noranda Forest Products for providing us with these pine seeds from their nursery in New Brunswick. I hope you will take your trees with you and help our ecology in the new year.

Before introducing the choir I would like to point out the huge banner behind the choir. This banner was used by The Empire Club for about 30 years at all its functions until about 1957. It hangs today symbolic of our long history.

It is now my pleasure to introduce the St. Michael's Choir, which has had unusually strong leadership since its inception in 1937. Today's choral director, Father T. Barrett Armstrong has had a long history at the school, being a graduate himself almost 50 years ago. The choir is arguably the finest in Canada; it has toured Canada and the United States many times. The choir has opened a National League baseball game singing in both our languages in Montreal's Olympic Stadium and it has sung at the United Nations and to many other people in many other places. We are indeed privileged to have the choir with us today. Father Armstrong I assume you will let us know when we can sing along with your choir.

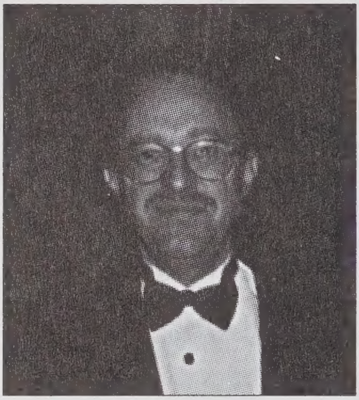
Ladies and gentlemen please welcome Father Armstrong and the St. Michael's Choir.

The St. Michael's Choir School performed a programme of traditional and popular Christmas songs, with accompaniment from the audience on several occasions.

The appreciation of the meeting was expressed by Larry Stout, CTV News Broadcaster and a Director of The Empire Club of Canada.

*Past President John MacNaughton and Club Director Marcia McClung.*

*The Rt. Hon. Kim Campbell, Prime Minister of Canada, is escorted by Gordon Steele, Club Archivist and Historian.*



October 6, 1993

## Bart Mindszenthy

Annual Past Presidents' Dinner

# TOAST TO CANADA AND THE COMMONWEALTH

Your Honour, Mr. President, distinguished Past President, Fellow Directors:

I am particularly pleased to have been asked to propose this toast to Canada and the Commonwealth.

That's because I believe I am the newest Canadian in the room. I became a citizen just eight years ago, but I've lived here since 1969.

When I used to cross the border at Windsor in the early years, inevitably the customs officer would ask, and always in this order: What've you got to declare? What's your nationality? Where were you born? What country are you a citizen of? Where do you live? Well, this is the way the both sides of that conversation usually went:

What've you got to declare?
Nothing
What's your nationality?
Hungarian
Where were you born?
Germany
What country are you a citizen of?

The United States

Where do you live?

Canada

Aside from this confusing exchange, the most important element was that I was back in Canada, where even then, from my vantage point, there was reason, order and a deep sense of humanity—very contrary to the American scene.

You see, I experienced firsthand the horrible, senseless and infamous Detroit riots of 1967. I grew up there and, along with my parents, we were in search of the great American dream.

But carrying a gun, which I did, seemed a travesty of the notion of freedom. On the other hand, seeing a doctor certainly endorsed the concept of creating wealth—unfortunately, not mine, but his.

So I came to Canada.

And over the years, I discovered something incredibly precious and immeasurably vital, that this is a huge expanse of space blessed with so much potential. It's almost inconceivable that any Canadian could question this nation's destiny.

And yet that's what we're doing right now. At about the halfway mark in the current election, what I'm hearing is lots of negative noise about all that's wrong—and the usual host of undeliverable promises about what I should expect.

But let me tell you something. Fortunately, through my work, I've been able to experience this nation. (I say experience, because it's not enough to just see it.)

From Norman Wells in the Northwest Territories to Windsor, where we're actually south of the United States, from Vancouver to Signal Hill in St. John's. And all along the roadways and waterways, in the cities and towns and villages, through the steep mountain passes and across the lazy fields of prairie wheat, to the bistros in La Belle Province, I've experienced the magnitude, the goodness, the differences of this nation. I've experienced the Great Canadian Dream. And I believe heart and soul it is real. It's possible. It's ours to have and nurture and cherish.

And it's ours to share. With those whose ancestors were here long before the early explorers arrived. And with those, like me, who have come to Canada with fears and hopes and dreams.

Because it's the mix of heritages and cultures that can enrich and invigorate us. It's the very reality that this is a nation that, like its geography, is composed of so many different elements, that can make us truly a mirror of the world we live in. A mirror that shows that from many, there just may be one. One nation. One set of humanistic values. One common goal. One sense of purpose. All the while allowing for a sense of personal history and respect for differences.

I chose to be a Canadian. I know I made an excellent choice.

Because despite all of our problems, all of our divisiveness, all of our taxes, all of the Chicken Littles, this is a land of dreams. And with patience and room, a land where dreams can come true. And I don't know about you, but I can't think of anywhere else in the world right now that offers as much as Canada.

But there is something else we've got, too. It's the history of partnership that comes with being part of the Commonwealth.

And while it's shape and form has changed so much since the formation of The Empire Club, there is an undeniable cultural benefit that might be challenged, but can't ever be expunged from why we are, what we are and what we always will be.

Ladies and gentlemen, it's not a long distance, a four-hour drive, from the Detroit River to Toronto. It's even closer to Buffalo. But I suggest to you that while we can measure distances, we can't measure differences merely in kilometres or hours.

*The assemblage of The Past Presidents' Dinner in the presence of (at centre) Col. The Honourable Henry N. R. Jackman, C.M., K.St.J., LL.D., Lieutenant-Governor of the Province of Ontario and Honorary Vice-President of The Empire Club of Canada; Dr. Frederic L. R. Jackman, O.St.J., Ph.D., President of The Empire Club of Canada; Robert L. Brooks, Executive Vice-President Investment Banking, Bank of Nova Scotia and Immediate Past President of The Empire Club of Canada.*

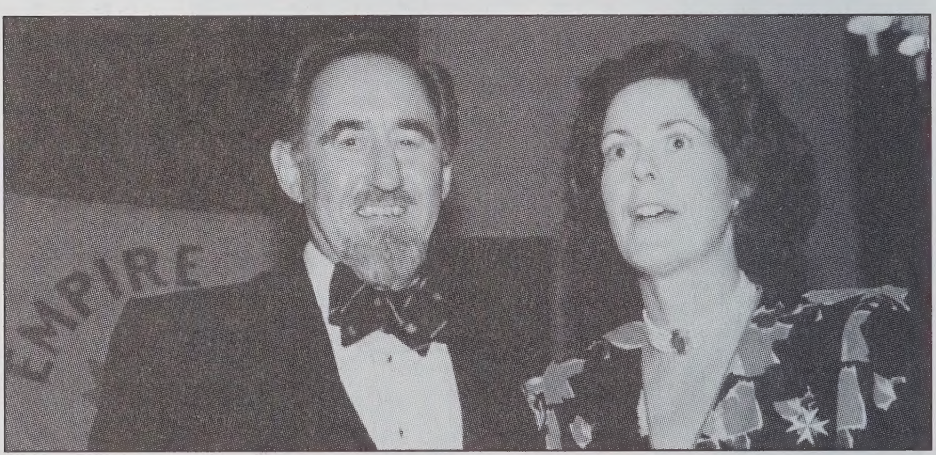
Or even in values. Or sometimes lifestyles. Or often dreams.

We all know we're in a turbulent time—an era of change. As McLuhan's global village plunges toward a new century, we're all, every person on this scared earth, captive observers and cautious participants.

But what makes Canadians different is that we've got the room to reach our dreams. We've got this wonderful ability to wound ourselves and then find bit by painful bit, step by probing step, the right road to our rightful destiny.

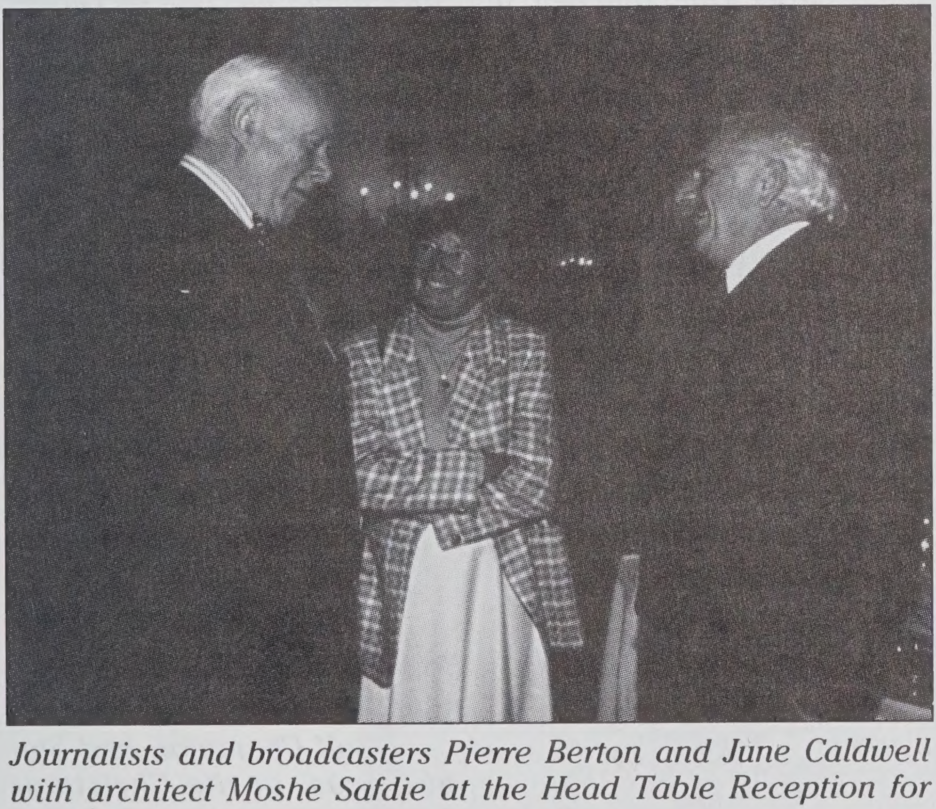
Given all that I've experienced, given all that this wonderful, soul-searching nation stands for, given the sparkling sails dancing across the Pacific coast to the blinding whiteness of the glacial north, the awesome nature captured by the Group of Seven to PEI's red earth bleeding into the Atlantic, it's only right and my pleasure to ask you to join me in a toast to Canada and to the profound value of partnership through the Commonwealth.

Ladies and gentlemen—to Canada and the Commonwealth.



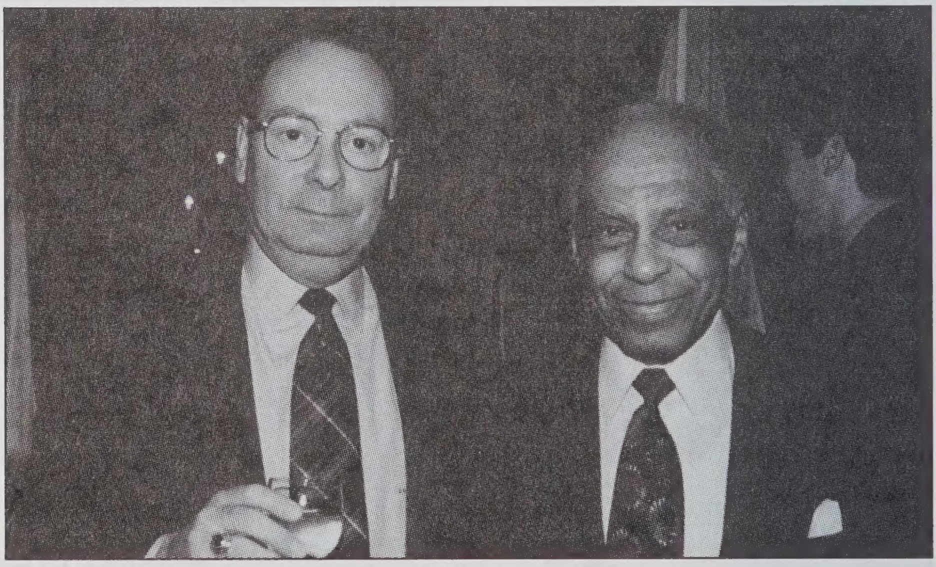
*The Co-Chairs of the Past Presidents' Dinner, Sarah Band, Vice Chairman of The Empire Club Foundation and a Past President of the Club, and Club Director, Montague Larkin.*

*His Royal Highness Prince Philip joins Ronald Goodall, Past President and Chairman of the Royal Commonwealth Societies of Canada, Toronto Branch, and Mrs. Grace Goodall.*

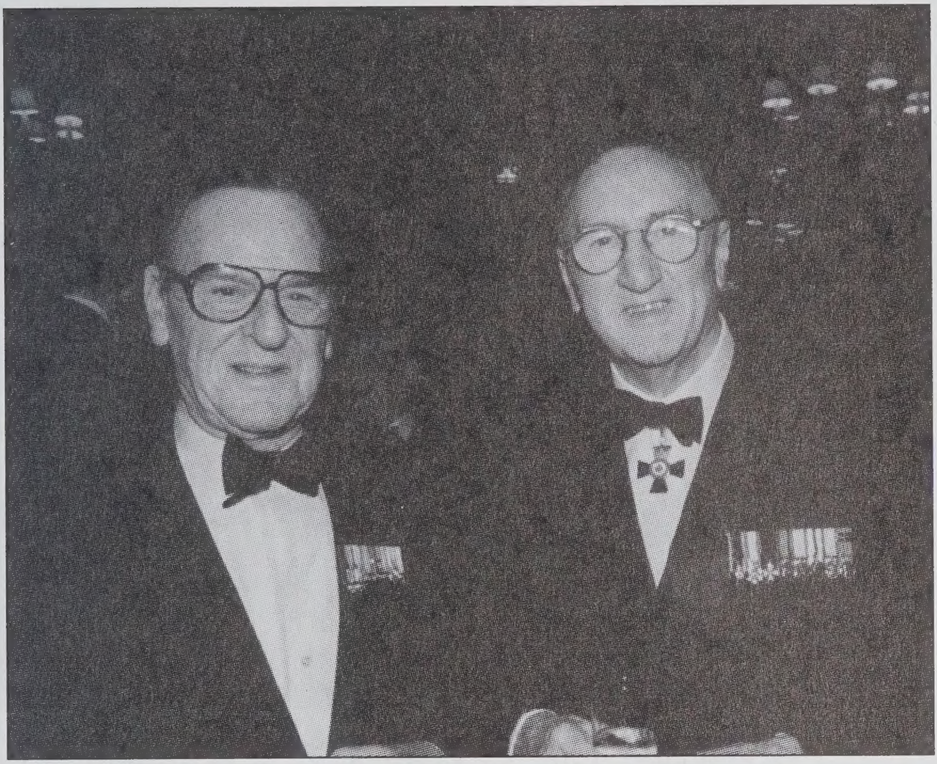


*Journalists and broadcasters Pierre Berton and June Caldwell with architect Moshe Safdie at the Head Table Reception for Garth Dabrinsky.*

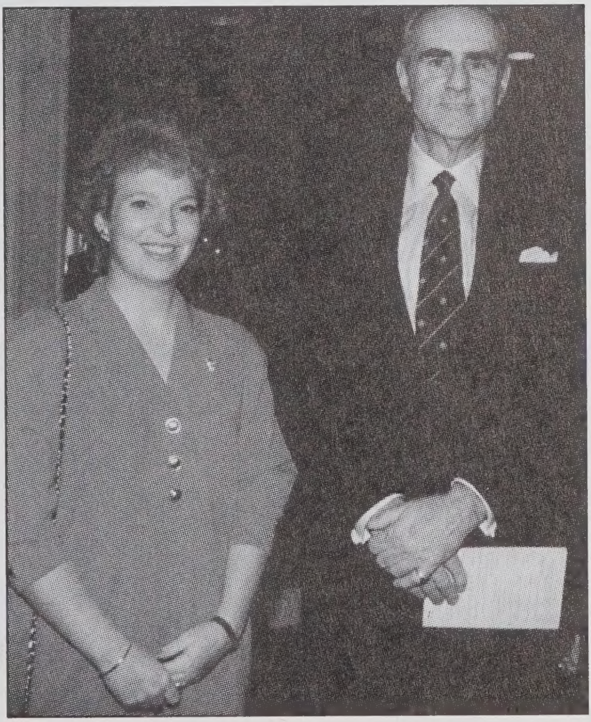
*Empire Club President Eric Jackman accepts some protocol advice from Kim Campbell, just prior to her election as Leader of the Progressive Conservative Party of Canada and the first woman to become Prime Minister of Canada.*



*Larry Stout, Club Director and head table guest Herbert Carnegie, former Canadian Seniors Golf Champion and Star Hockey Player with the Quebec Aces, at the Christmas Luncheon.*

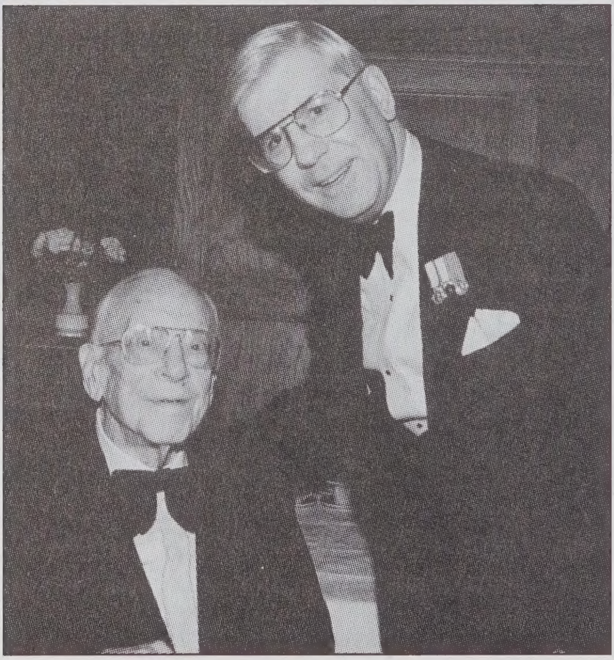


*Club Director The Hon. Barnett Danson with the Chairman of The Empire Club Foundation and a Past President of The Club, MGen Reginald Lewis.*



*Club Director Maria Roman-Bricknell, the co-organizer of the Christmas Luncheon, and Col. The Hon. Henry N. R. Jackman, the Honorary Vice-President of The Empire Club of Canada.*

*Col. The Hon. Henry N. R. Jackman, Lieutenant Governor of Ontario, the current Honorary Vice-President and a Past President of The Empire Club, signs the Guest Register at the Christmas Luncheon in the presence of his brother, current Club President Eric Jackman, and his son, Club Director Duncan Jackman.*



*Honorary Assistant Secretary Malcolm McIntyre with Peter Hunter, Director of The Empire Club Foundation.*

*Left to right: Rita Deverell, Senior Producer and Anchor, Vision Television; Eric Jackman, President of The Empire Club; Honorary Vice-President of The Empire Club of Canada, Col The Hon. H. N. R. Jackman, Lieutenant Governor of Ontario; Club Director Anne Libby.*

*Past Presidents meet at the "Media & Society" series: Catherine Charlton and The Hon. Joseph Potts.*

*Col Robert G. Douglas and Club Director LCol A. G. "Sandy" Cameron attend "Media & Society: Bridging the Gap."*

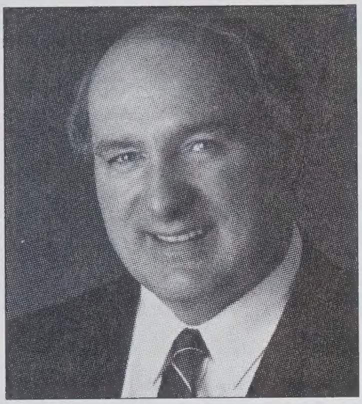
*Knowlton Nash expresses to President Eric Jackman and The Empire Club of Canada the thanks of the Canadian Journalism Foundation—and seizes the opportunity to editorialize on Eric's speech.*

*The "Media & Society" series provided an opportunity for the students of Bloor Collegiate's Media Literacy classes to attend Knowlton Nash's address, courtesy of Rogers Communications. Seated at centre are Knowlton Nash, Broadcaster, Journalist and Chair of the Canadian Journalism Foundation, and Dr. Eric Jackman, President of The Empire Club of Canada.*

*"Media & Society" speaker, Eric Jackman, is joined by head table guests Denise Cole, Special Assistant to the Mayor, and Her Worship June Rowlands, Mayor of the City of Toronto.*

*A happy reunion at the Head Table Reception for David Nichol: Montague Larkin, Empire Club Director, and Mrs. Larkin; Ladka Sweeney, Director of Corporate Brands for A&P Canada; David Nichol, President of David Nichol & Associates; and Gerry Sweeney, Manager of Food Service, Seenergy Foods Inc.*

*LCol A. G. "Sandy" Cameron, Club Director, and Remembrance Day guest speaker, Vice-Admiral Ralph Hennesey.*



January 13, 1994

# Pierre Desjardins

President and CEO, Domtar Inc.

# THE FUTURE IS NOT WHAT IT WAS

Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

### Head Table Guests

David Edmison, Investment Counsellor, Martin, Lucas & Seagram Ltd. and 3rd Vice-President, The Empire Club of Canada; Adriel Weaver, grade 13 student, Danforth Collegiate and Technical Institute; Gordon Bell, Director, Bank of Nova Scotia; Casey Mahood, Globe and Mail, Specialist, Forest Products Sector and Environmental Technologies; Larry D. Fairholm, Principal, BDI Facilities Management Inc. and former Defensive Halfback, Montreal Alouettes; John F. Bankes, President, Nova Bancorp Group and a Past President, The Empire Club of Canada; Margaret Scrivener, formerly Member of the Provincial Parliament for the Riding of St. David, member of the firm, Martin & Meredith Real Estate and an Honorary Director, The Empire Club of Canada; The Rev. Edward Jackman, Historian, Archdiocese of Toronto; Sam Wakim, Q.C., Partner, Weir & Foulds; Aubrey W. Baillie, President and COO, Nesbitt Thomson Inc.

### Introduction by Dr. Jackman

In 1990 Domtar Inc. formed a search committee to find a president for its overgrown and underproductive company. At that time the Financial Post called the company, "a corporate basket case." The search committee was looking for someone who was comfortable managing a conglomerate with big problems.

Now, Domtar is a pulp and paper company which specializes in everything from construction materials to packaging to fine papers (photocopy paper, business forms, envelopes, computer paper). As a company Domtar is gigantic. It has assets of about $2.5 billion, it had sales of about $1.5 billion and what was more important it had annual corporate losses of about $150 million.

Clearly, the search committee was looking for someone with a proven track record, the ability to lead and the toughness to get the job done. In one article, which was written about Canada's most stubbornly troubled companies, including Olympia and York and Domtar, it said simply to the new leaders of these organizations, "Welcome to the Nightmare."

Pierre Desjardins entered the puzzled world of Domtar after having served as President of Labatt Breweries and as Vice-President of National Sales with Imperial Tobacco.

As a young man he studied at the University of Montreal and then on a football scholarship he earned a business degree from the University of Wyoming. He returned to the Montreal Alouettes as an offensive guard. He helped turn around a mediocre team and in 1970, as captain, took the Alouettes, with help from Mr. Larry Fairholm his co-captain, to a Grey Cup Championship. His flair for words led him to a sports commentator position on CBC-TV.

As a Liberal and a federalist, he was Chairman of Robert Bourassa's comeback leadership campaign in 1983, but now tries to keep Domtar apolitical.

It would be unfair to say that Mr. Desjardins is only a tough, hard-smoking, beer-drinking football player. In fact, he is also one of Canada's foremost strategic thinkers and expert corporate downsizers. He is sensitive to provincial and national political issues as well as to the ramifications of NAFTA. He is a family man, a golfer, a skier and a boater who spent many a leisure hour at Honey Harbour on Georgian Bay during his years with Labatts.

Today, Mr. Desjardins will talk about various aspects of the economy and some of the political ramifications of recent events.

Ladies and gentlemen, would you welcome Pierre Desjardins.

## Pierre Desjardins

Thank you very much for the opportunity to speak to you today. Your invitation comes at an interesting time, as we enter a new year. Will it turn out to be a happy and prosperous new year? Let us hope so.

I don't mean to sound too negative regarding our prospects for 1994. After all, the consensus view of economic forecasters is that Canada will outstrip virtually all other western industrialized nations this year in terms of fiscal growth. We're part of a newly-expanded North American Free Trade bloc. A new GATT agreement which should improve trade opportunities elsewhere is finally in place. And we have a new government in Ottawa that—whatever your partisan political view—appears genuine in its resolve to tackle some of the more difficult economic and social issues facing Canadians.

So, why my restrained enthusiasm? Well, let's face it. A changing of the political guard in Ottawa is not going to make all our problems magically disappear. Nor will an increase in real GNP or for that matter the record stock-market performances we've been witnessing necessarily mean an end to all our economic woes.

In today's increasingly complex, global marketplace, conventional economic wisdom is being put to the test. Established cycles and patterns of economic behaviour have become less predictable, cause-and-effect relationships less clear. Boom times don't necessarily follow quickly on the heels of a "bust." Economic growth is no longer synonymous with job creation. Lower interest rates don't necessarily lead to increased borrowing or investment. And neither a wealth of natural resources nor unfettered access to the vast United States market are sufficient to guarantee Canada's future success in the gloves-off global trading arena.

In short ladies and gentlemen, the future isn't what it was. We can no longer rely on the old ways of achieving our objectives.

Not surprisingly, in light of these harsh new realities, yesterday's confidence has given way to widespread uncertainty among Canadians. Don't take my word for it.

Ask your sons and daughters or nieces and nephews what they think of their prospects after school. Youthful optimism aside, I suspect their responses will differ markedly from that cocky 'the world is our oyster' attitude which characterized my generation of college graduates.

That's not to say Canada and Canadians don't possess the wherewithal to excel in today's world. *Au contraire*, we do. But we've got to accept that there have been some very fundamental changes in the essential order of things. And we must revise our thinking and our tactics accordingly. To use today's vernacular, we have to "get real."

Like it or not, society's attitudes and values are changing in such a way as to impact on every aspect of our personal and professional lives. As a corporation, for example, it's no longer sufficient to simply go about your business, being a solid employer, turning out a good product and not polluting the neighbourhood. These days, we're also expected to use recycled raw materials to turn out environmentally-friendly products in a manner that will promote sustained development, and to accomplish all this without disturbing those pastoral wilderness areas where affluent supporters of the environment movement seem to like to build their country retreats! The environment has become as much a social issue as an ecological one.

The future is not what it was.

Next Monday, the first session of Canada's 35th Parliament opens and, quite frankly, I don't envy our parliamentarians. Canadians are looking for strong leadership. They are understandably worried about what the future holds for themselves and their families. They are angry with politicians and government officials. They are appalled at the mounting government debt and deficits at all levels, which they interpret as signs of waste and inefficiency on the one hand, and a lack of long-term planning and direction on the other. This is not the future they envisioned for themselves during the booming eighties. It's not what they anticipated the exciting, expansive age of technological and social advancement would bring them.

Yet, despite the anger, the reduced expectations and the increased cynicism, Canadians are hoping for a better future. Prime Minister Chrétien appealed to this sentiment with obvious good effect during the recent election campaign. Now comes the acid test, the time when he and his ministers must begin to deliver.

I don't want to spoil your lunch by trotting out all the grim facts and figures about the country's deficit and public debt. Suffice to say that we are in a real financial bind and we have to put ourselves on a crash financial diet.

Obviously, government spending has to be cut. The question is where. We are stuck with paying 25 cents of every tax dollar on debt interest. These annual interest payments have increased 1,000 per cent since 1976, from $3.7 billion to last year's level of $39.4 billion. The only area in which the government has room to cut is the transfers to persons, provinces and businesses, which account for 70 per cent of federal spending.

You have to wonder how and why we got into this financial bind. The incoming Liberal government, on examining the books left by the departing Conservatives, had some predictable answers for the latest deficit horrors—the failure to provide for such contingencies as stabilization payments to the provinces, smaller-than-expected revenues from the GST, declining incomes because of the recession which resulted in bigger payouts for child-tax benefits and GST credits, the growth of the underground economy et cetera.

Finance Minister Martin says the former Conservative government opted for forecasts that were far too rosy so it would not have to deal with the real fiscal and economic problems facing the country. But in fairness, massive deficits are not a recent phenomena and earlier governments seeking new mandates also painted their economic pictures in rosy colours. Indeed the Mulroney government voiced the same complaint when it took over in 1984. One inherited economic mess begot another. To his credit, Mr. Martin seems to recognize that this cycle has to stop. Whatever the reasons, no government, no organization can operate effectively for long when its projections consistently fall short of the mark.

When it comes to the topic of government deficits, my observations that the future is not what it was would represent a welcome change.

Mr. Martin's decision to have the Department of Finance bring in a team of outside specialists to review its forecasting methods and performance is a good one. If the team can come up with a method requiring the department to produce realistic forecasts, its political masters will, presumably, be forced to make realistic decisions and produce better policies. This, in turn, would surely increase the politicians' credibility.

Recent appointment of a new Governor of the Bank of Canada, who has pledged to continue the anti-inflationary policies of his predecessor, is also a welcome signal. After years of letting the good times roll, we have been keeping inflation in check, and will continue to do so. That is all to the good. Prices are stable. Businesses can plan with greater confidence. And I'm convinced that we can have sustained economic growth without high inflation.

However, as Cedric Ritchie, Chairman of the Bank of Nova Scotia, wrote in a recent issue of The Business Quarterly, the habits acquired during 30 years of inflation must be unlearned and unlearned quickly. In this new environment of disinflation, companies must keep a tight rein on costs and avoid being seduced into asset speculation. As for governments, they can no longer count on revenue growth to solve their fiscal problems.

Inflation was a tremendous windfall for governments, increasing the money supply on which taxes were levied while serving to down-play the real severity of the debts that they were piling up through spending that far exceeded revenues. We're now stuck with the legacy of that behaviour—huge deficits.

It would be patently unfair of me to stand up here and go on about the difficulties that our governments find themselves in while ignoring the private sector's woes, many of which were also self-inflicted.

In point of fact, my own company, Domtar, is very much an example of the broader Canadian experience. A widely-respected, resource-based entity which enjoyed pretty much uninterrupted growth and prosperity during the post-war boom, it was nonetheless knocked on its heels at the end of the 1980s by the combination of an overly-ambitious expansion programme, the prolonged economic slump and a radical shift in the competitive environment.

For those of you who may not be familiar with Domtar, let me give you a brief verbal sketch of our operations.

Although we tend to be perceived these days as a Quebec company, Domtar is, in fact, a Montreal-based, North American enterprise.

It has a proud history as one of Canada's first conglomerates and as I'm sure some of you know, was for many years allied with Toronto-based Argus Corporation. Today, Domtar is a major North American producer and supplier of fine papers, containerboard and packaging products. It ranks third among North American producers of gypsum products. It's the continent's largest manufacturer of thermally-fused melamine panels, and the biggest lumber producer in Eastern Canada.

Some 40 per cent of Domtar shares are held outside Quebec, 25 per cent of them right here in Ontario, where Domtar remains a significant and expanding presence in the business community. Your province is home to more than a dozen major Domtar plants and mills, which span the province from Red Rock in the northwest, where we have a linerboard mill, to Cornwall, home base for both our specialty fine papers division and our techni-therm roofing and insulation unit.

You might be interested to know that we are currently investing some $137 million to expand our Cornwall mill complex and ensure that it meets the latest environmental regulations. Later this year, the world's first commercial application of Domtar's patented process to manufacture fine writing and printing papers from old corrugated boxes will come on stream at Cornwall. This RBC technology (short for recycled bleached containers) positions Domtar—and Ontario industry—on the leading edge of global, recycled-papermaking technology.

While I'm on the topic of recycling, I should mention, too, that the "sandpiper" product line introduced a year or so ago by our St. Catharines Ontario mill was the industry's first 100-per-cent post-consumer, non-deinked writing paper. And St. Catharines also produces a 100-per-cent-recycled file folder grade.

Elsewhere in the province, you'll find another Domtar mill situated at Mississauga, a medium-size mill at Trenton, a recently-expanded melamine panels plant at Huntsville, a gypsum board plant and a mine at Caledonia and corrugated box plants at Peterborough, Barrie and St. Marys. Right here within Metro Toronto and environs are four more Domtar box plants, our lithotech "high graphics" unit and the head offices of both Domtar packaging and our Buntin Reid Merchants Division.

Overall, there are some 4,000 Ontarians on the Domtar payroll, and Ontario customers last year accounted for more than $700 million of our $2 billion in sales. So, as you can see, we have a large presence in Ontario.

At any rate, the Domtar I joined back in 1990 was a corporation that had been very successful over the years and had a well-deserved reputation for quality products. However, it was also debt-ridden, too diversified and dominated by a production versus a marketing mindset. Drastic action was required.

Having served a stint on Domtar's Board of Directors before agreeing to take on the President and CEO's job, I was aware that it would be a character-building experience. And I can assure you that, in this respect, I've not been disappointed.

First off, action plans were put in place in every Domtar division to affect immediate, on-going improvement in three key areas:

- cost-reduction;
- product quality; and
- customer service.

To date, we've pared well over $300 million a year off our cost base while increasing our output and at no sacrifice in quality.

Incidentally, these cost reductions included reducing total personnel from 15,000 to under 10,000 and head office staff from about 700 three years ago to just over 100 today.

Having moulded the management team into a cohesive unit more attuned to the competitive realities of global commodities markets, we then devised a strategic plan that entails focussing more on fast-growing markets—particularly in the U.S.—for communication and specialty fine papers, seeking out opportunities to form strategic partnerships for some of our other businesses and exploring possibilities for the eventual divestiture of certain units.

Most important to the corporate rebuilding process has been the involvement and co-operation of our employees and their union representatives, who have teamed up with us. They recognized that their personal well-being depended on the company's survival and well-being. We now have agreements on job flexibility in most of our plants and contracts of five to eight years duration, which provide both stability in the work place and an assured source of supply for our customers.

I don't intend to subject you to a blow-by-blow account of Domtar's recent operating history. Suffice to say that, after some very tough times, we're finally turning the corner. In the third quarter of 1993, Domtar reported its first operating profit since the opening quarter of 1990.

The point is, we've been through the same type of painful adjustment that many other companies and, indeed, the entire Canadian economy has had to endure and we're coming out of it a stronger organization. And I am confident our organization is ready to seize the new trading opportunities being created by the NAFTA and the GATT.

In fact, we've been enjoying considerable success of late on international markets, particularly with high-value-added products such as our security-paper products that are used for currency, passports, postage stamps and stock certificates.

However, global trade is a two-edged sword, providing both increased opportunity and increased competition. While Canadian companies are looking to conquer new markets abroad, predators from the U.S., Europe, Latin America and the rapidly-emerging economies of Asia are targeting our home base.

Take, for instance, the security-paper segment I just mentioned. We're one of only five established major players in the global market for these very specialized products. The Canadian bank notes you're toting around in your billfolds or handbags are all printed on Domtar currency paper, as are the new Canadian passports. And the technical expertise we've built up over almost a century is recognized world-wide. But, as in virtually every other market segment, we're facing potentially tough new competition—in this instance from South Korea. So despite the success we're enjoying, despite our long-established track record in this field, we can't afford to relax our efforts—not for a moment. The future is not what it was.

The scenario is similar wherever you look and whatever line of business you happen to be engaged in. Our global business aspirations will be fully realized only as a result of sound strategies backed up by a lot of persistence and patience. We mustn't expect to take the world by storm overnight, and we must be prepared for potential pitfalls—especially given the fact that the global economic outlook is not all that bright, clear or predictable.

Lester Thurow, the noted MIT economist, believes the world economy will grow only slightly, if at all, over the next 10 years. Global economic growth has, in fact, been in steady decline for some time now, falling from an average of 4.9 per cent in the 1960s to 2.7 per cent in the 1980s and less than one per cent in the 1990s. And Mr. Thurow sees an average of no more than one per cent growth over the next decade.

Or course it remains to be seen whether or not Mr. Thurow and other economists are correct in their forecasts. In the not-too-distant past, when economic cycles followed a fairly regular pattern, experts could predict with a good degree of certainty what lay ahead and governments and the business community could prepare themselves accordingly for the future. But as economic rhythms have changed, accurate forecasting has become a more difficult game.

One thing is clear, however. Changes are in order for Canada and Canadian companies if they hope to compete successfully with the world's best. Only those organizations which succeed in implementing strategies to meet and better the competition in terms of price, product quality and customer service will survive.

Customer service—an aspect of business that used to receive scant attention at many companies—has assumed unprecedented importance in terms of competitiveness. Gone are the days when it was sufficient to fill orders more or less on time and to respond to complaints with an air of politeness but little sense of urgency.

At Domtar, it's become standard practice to have not just sales staff, but also product development, technical and production personnel working hand-in-hand with customers to help solve problems and ensure that their requirements are met to the letter. Virtually all of our divisions are involved in long-term partnership-type relations with major clients—relationships which often entail actually guaranteeing that the customer will save money and/or improve its productivity by dealing with Domtar.

Significant service improvements are evident in every aspect of business, from order-taking to invoicing. We offer just-in-time delivery for a roll of newsprint or a skid of photocopy paper—something unheard of in our industry only a few years ago. And this sort of pampering is no longer considered exceptional by customers. Rather, it's expected. Like I said, the future is not what it was.

Despite major losses experienced over the past few years, our industry has made significant expenditures on both environmental protection and capital improvements. During the 1980s, for example, pulp and paper producers spent $45 billion on capital improvements. They'll spend an estimated $50 billion more between now and the year 2002. And some $5 billion is being invested to improve environmental protection performance alone between 1989 and 1995.

Not surprisingly then, one of the big issues facing my industry is the availability and cost of capital. The fact of the matter is that capital in Canada costs between 1.2 and two percentage points more than what our competitors in the United States are charged. And the spread is much larger when you compare the cost of money in Canada with borrowing costs in Japan, Europe or many other emerging industrial regions. Furthermore, the U.S. industry has an additional advantage in that, for years, it has had access to environmental bonds which reduce the cost of capital for environmental expenditures by an additional 25 to 35 per cent.

As you can no doubt understand, we'd like to have access to similar financing instruments, so as to put us on a level playing field with our American competitors.

Investment in infrastructure has to involve investment in people as well. Technological advancement entails innovation, and successful innovation requires a mutual understanding and co-operation between labour and management.

Among other things, employees must demonstrate a willingness to undertake different jobs and to consider different forms of remuneration tied to their performance. Labour and management must work as a team to instil a sense of personal accountability in workers on the shop floor, and to ensure that all employees share directly in both the responsibilities and the rewards of work. Management leadership exercised through power alone will no longer work. Today, we must exercise our management prerogative more through persuasion.

At Domtar, we feel very strongly that establishing and maintaining a meaningful partnership with our workers is absolutely essential to the corporation's future well-being. Although forests and natural resources are very much our stock-in-trade, it is the effective involvement of human resources that will ensure our ultimate success. A properly-motivated, highly-trained work force sufficiently empowered to put that knowledge to good use is crucial.

In today's ultra-competitive world, we can no longer muddle through with under-educated, poorly-trained employees. Whatever field of endeavour you're engaged in, knowledge is power. It's that simple.

If the team approach is to succeed, management must be prepared to restructure the organization to accommodate new knowledge—and this requires constant adjustment. It also means decentralization, so that decisions can be made quickly. And as a new style of management emerges, decisions cannot be based on economic performance alone. They must also reflect the changes in society at large, taking into account the potential impact on employees, the environment, customers and the community in which the company resides.

I instinctively avoid being drawn into political discussions. But with an election coming up in Quebec this year, it would probably be remiss of me, before concluding my remarks, not to at least acknowledge to a Toronto audience that there is some cause for anxiety.

The sort of counter-productive political partisanship that has so long dominated federal-provincial and interprovincial relationships must be abandoned if we are to survive and prosper as a nation. Mr. Chrétien himself has remarked that the best thing he can do to convince Quebeckers of the wisdom of staying in Canada is to provide good government.

I'm encouraged by the positive noises that emerged from the First Ministers' conference held in Ottawa just prior to Christmas. The apparent willingness of the premiers to work together with Ottawa in a constructive fashion—be it in the form of an infrastructure programme or the elimination of provincial trade barriers—is a positive development, a refreshing change from the jurisdictional squabbling we've become accustomed to.

There are some hopeful signs on the economic front as well. Inflation is the lowest in three decades. Domestic cost pressures are stable. Unit labour costs have fallen on a year-over-year basis for the first time since 1962. Monetary conditions have eased. Short-term interest rates are at their lowest levels in 30 years and have closed in at least somewhat on U.S. rates. And the lower Canadian dollar can only help stimulate our export-oriented economy.

However, make no mistake. Political considerations aside, the recovery is still very slow, and it is part of a major transition to a new kind of economic reality that is propelled by new international forces. If we are lucky, and if we marshal our forces well, Canada and Canadians will prosper by the turn of the century. But first we must get our house in order. So we are looking forward—not without some trepidation—to the commencement of the new Parliament next week and to Mr. Martin's first budget.

That's not to say we business leaders should sit back passively and wait for government to lead us out of the woods—not at all. The challenge facing us today is to take full advantage of the new knowledge and incorporate it into our organizations. We don't need government to direct or impose. It can only provide the appropriate legislative and policy framework in which to operate.

We do not need more royal commissions, more studies, more economic conferences to debate, consider and recommend what should be done. What is needed is the will to get a move on—away from the daydream approaches and excessive practices of the past for which we are now paying such a high price, and into a certain future of prosperity, pride of place as a nation and pride of person as Canadians. With that will surely come a happy and prosperous new year.

It was exactly 90 years ago this week—on January 1, 1904—when Sir Wilfrid Laurier, speaking to The Canadian Club of Ottawa, uttered those famous words—the 20th century belongs to Canada. Now as we move towards a new century I wouldn't be quite so bold in my predictions. But, dominance aside, there is no question Canada can enjoy renewed prominence in the global scheme of things—provided we show the necessary resolve.

As I remarked earlier, the future isn't what it was. Rather, it is what we choose to make of it.

Thank you.

The appreciation of the meeting was expressed by John F. Bankes, President, Nova Bancorp Group and a Past President, The Empire Club of Canada.

January 20, 1994

## Ken Read

President, Ken J. Read Consulting

# LILLEHAMMER '94—THE IMPORTANCE OF THE OLYMPICS TO CANADA

Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

**Head Table Guests**

Denise Cole, Special Assistant, Social Policy and Media Relations to Mayor, City of Toronto and a Director, The Empire Club of Canada; Kevin Bidwell, Floor Hockey Athlete, Special Olympics; The Rev. Wolf Belzing, Pastor, First Evangelical Lutheran Church; Catherine R. Charlton, President, The Charlton Group and a Past President, The Empire Club of Canada; Dan Matheson, Sports Broadcaster and Host of CTV's television coverage of the 1994 Lillehammer Olympics; The Hon. Shirley Coppen, Associate Minister of Culture, Tourism and Recreation, Province of Ontario; Paul Scargall, Borden & Elliot and a Director, The Empire Club of Canada; Liz Rodrigues, grade 13 student, West Toronto Collegiate Institute; Michael Costello, Volunteer Hockey Co-ordinator, Special Olympics; Brian Williams, Sports Broadcaster CBC-TV, has hosted more Olympic events than any other broadcaster in North America and teamed with Ken Read for the last 10 years as the voice of World Cup skiing; Barbara Ann Scott King, Olympic, World and European Figure Skating Champion of 1948.

**Introduction by Dr. Jackman**

In 1980, at Lake Placid, N.Y., there was a clear favourite to win the Olympic downhill. That young man had already won a few world downhill championships and North America was expecting its first Olympic gold. Out of the starting gate, Ken Read that day experienced a tragic equipment failure—his binding released, he lost a ski, he was out of the race. Young Steve Podborski carried the torch for Ken Read and won the bronze medal giving Canada its first men's downhill Olympic medal.

Despite the Lake Placid mishap, Ken Read was the first North American male to ever win a world downhill championship. He accomplished this feat at Val d'Isere, France in 1975.

Sometime afterwards, Ken, along with Brian Williams were careening by taxi down the switchback curves of the Val d'Isere mountain at 90 kph. Brian turning to Ken said, "Aren't you scared Ken, you speak French—tell the driver to slow down!" Ken replied, "Don't worry, Brian, I go down this mountain faster than this on a pair of sticks."

Ken Read led Canada's downhill team, which became known as the "Crazy Canucks," to world fame with five World Cup victories.

Retiring from active competition after 10 years, in 1983, he told his story in the book *White Circus: A Skiing Life with the Crazy Canucks* (1987).

His ability to speak—he speaks or gets by in five languages—landed him beside Brian Williams for the last 10 years as the CBC voice of World Cup Skiing. Others have said that these two are the best play-by-play combination sportscasters any where (with apologies to CTV). He also broadcasts, during World Cup coverage, his own programme, "The Read Report."

In addition to broadcasting, Ken Read writes a column for our Financial Post, as well as Ski Canada Magazine. He contributes to several other magazines including Canadian Airlines inflight magazine.

He remains involved in organized sport. He is the first Canadian athlete to be invited to join the prestigious International Olympic Committee's Athlete's Advisory Council.

Furthermore, Ken Read was the founding chair of Canada's Athletes' Council, he became Vice-President of the Canadian Olympic Association and in 1992 distinguished Canada as our Chef de Mission for our Olympic Team to Barcelona.

His business interests, represented by Kenneth John Read Consulting, include promotional work with Coca-Cola, Bollé, Solomon & Descente amongst several others.

Perhaps what is less well known is Ken Read's belief in Canada and our heritage. While born in Ann Arbor, Michigan, he is a believer in our traditions and in our Queen. He has a sense of what Canada is about. Both of Canada's major federal parties have asked him—and he has declined, so far—to run for federal office.

He believes in drug-free sports and in a non-smoking world.

Attacking problems in life, like he did the downhill, Ken Read created the "Breath of Life" Invitational (Ski) Challenge when he learned that his nephew, Andrew had cystic fibrosis. Now 10 years old, with Toshiba as a sponsor, the fund-raising races span the country. By this year's end the invitational will have raised over $600,000 for cystic fibrosis.

Over the years, Ken Read has received many distinctions for his achievement and contribution to sport and to Canada. In 1978, he was the Canadian Athlete of the Year. He was inducted into Canada's Sports Hall of Fame in 1986 and most importantly, his country bestowed upon him the Order of Canada in 1991.

For his extraordinary contribution to winter sport, he was invited in 1988, to carry the Olympic Torch on its final leg into Calgary's Olympic Stadium.

Ken Read knows the value of sport from many perspectives and we are fortunate that he will address us on "Lillehammer '94—The Importance of the Olympics to Canada."

Would you please welcome Ken Read.

### Ken Read

Ladies and gentlemen, I am delighted to join you today, to share with you some of my experiences from international skiing and to take a look towards the Lillehammer Olympics and what they mean to us as Canadians. I would like to first acknowledge several distinguished individuals at our head table, who have made some very significant contribution to Olympic sport in Canada—Barbara Ann as an athlete, Brian Williams as an outstanding Olympic host for CBC Sports in Los Angeles, Seoul and Albertville, George Gross who has brought the Olympics to us through the pages of the Toronto Sun and Paul Henderson as an Olympic administrator.

When Eric Jackman invited me to speak to you today, he gave me some background about The Empire Club and a few of the speakers you have heard—Winston Churchill, Stephen Leacock, Ronald Reagan—pretty illustrious company. It got me a bit nervous to follow in the footsteps of leaders in politics, the arts, literature and business. But did any of them try to earn a living skiing down the side of a mountain at 130 kph?

I've been introduced to you as a "Crazy Canuck." I get a lot of people asking me exactly where the name came from. Well, if you've spent any time on the ski slopes up at Blue Mountain you would realize that "Crazy Canuck" is a very good description of how most Canadians ski."

Seriously though, the name "Crazy Canuck" was coined by Serge Lang—known in skiing circles as the "Father of the World Cup." In skiing, we have had to rely on the talent of our women to build Canada's reputation. Our long line of "Golden Girls"—Lucille Wheeler to Anne Heggveit to Nancy Greene to Betsy Clifford to Kathy Kreiner to Gerry Sorensen to Laurie Graham to Karen Percy to Kerrin Lee-Gartner to Kate Pace—a pretty impressive list of Olympic and World Championship medalists. No one could ever accuse Canadians about being chauvinists in skiing!

We men had the rare good result. In 1950 Ernie McCollough finished fifth in the World Championship slalom, Jim Hunter finished fourth in a World Cup in 1973 and Dave Irwin sixth in 1975—a pretty lean record. All that changed on December 7, 1975. In the first race of that season, at Val d'Isere, France four Canadians placed in the top 10, finishing 1-4-9-10. The effect on the European ski powers was very much like the shock that swept across Canada when Russia beat the NHL pros in the 1972 Russia-Canada series. A rag-tag band of "outsiders" had upset the ski hierarchy, becoming the first non-European team to win in downhill—the final bastion of European hegemony in ski racing. Even worse—two weeks later in Schladming, Austria we rubbed salt in the wounds of the Europeans by winning again!

To explain this phenomenon, Serge Lang wrote: "These Canadians ski like they are crazy ... taking every risk." From there, the label "Crazy Canuck" stuck. To be honest, originally it was a very derogatory phrase. This was the way the European skiing establishment justified how Canadians could win races—only by taking unnecessary, foolish risks. In fact, we were simply patterning ourselves off the best skier of the day—Franz Klammer. But to the European, it was inconceivable that Canadians might have defined a new way of ski racing—by attacking the course. For a while it appeared that the Europeans may have been right. We had a number of pretty spectacular crashes, which added to the lore of the "Crazy Canucks." But fortunately, we survived and went on to win 22 World Cup races and counting. By 1980, when we began our most productive years, "Crazy Canuck" had become a term of affection.

Why? We had a passion for downhill. You could see it in our faces. We loved to go fast! We broke the monopoly of Austrian-Swiss dominance of downhill, introducing a "third" force. We also stood outside the traditional skiing rivalries of Europe. We had the ironic benefit of being the "second favourite." At Kitzbühel, we would get fans saying "if our Austrian skiers like Klammer or Grissman don't win, we hope for you so the Swiss don't win." In Wengen, it was the other way around. "We want our Swiss skiers Russi or Mueller to win but if they don't, we cheer for you too to beat the Austrians." The same went for France, Germany and Italy. So it was like having a private cheering section at every stop. There was also one other factor which helped us immensely in Europe. Thanks to our schooling in Canada, we had basic grounding in French. Those skills helped us to easily pick up German. At every opportunity we would speak to people in their own language—at ski races, to the media, in TV interviews, or on the street. This made us realize the importance of language skills—it made me realize that bilingualism or trilingualism is not an imposition or liability but a very valuable asset. Knowledge of languages opened doors and gave us thousands of allies across Europe.

Today, "Crazy Canuck" is a proud name in skiing. It was interesting to hear the Austrian media describe the stunning World Cup results from Saalbach two weeks ago where Edi Podivinsky and Gary Mullen finished 1-2 as "ruckerr der Crazy Canucks," "the return of the Crazy Canucks." Like the name "Montreal Canadiens" is to a young hockey player, for young skiers becoming a "Crazy Canuck" is a proud tradition of excellence. For the generation of skiers that followed our quartet, it may have contributed to some of the frightful falls, as the skill level of some of our top skiers may not have matched the public expectation and image of how a "Crazy Canuck" was supposed to ski. But the recent success of our men in World Cup competition is, in my mind, a clear indication that a new generation of skiers with the talent to win are now ready to carry on a proud tradition.

And speaking of proud, our skiers are amongst 100 of Canada's finest young athletes who will be traveling to Lillehammer, Norway for the 17th edition of the Olympic Winter Games in just over two weeks. This is a team that will make us all proud. By February 12th, the day of the Opening Ceremonies, you will be hard-pressed to find anyone who is not at least aware of the Olympics. Why? This will be Canada's most successful Olympic Team ever. A conservative estimate of performance would be seven medals—two in figure skating, two in freestyle and three in short-track speedskating. If the winter gods smile on us, it is entirely reasonable that Canada may come away with as many as 15 medals from Lillehammer. To put this in perspective, our previous best was 1992 in Albertville where the Canadian Olympic Team won seven medals.

The list of performers that are, or will become household names is incredible: in alpine skiing—1993 World Ski Champion Kate Pace, 1992 Olympic Champion Kerrin Lee-

Gartner and the two latest World Cup medalists—Edi Podivinsky and Cary Mullen. In figure skating: World Champions—Isabel Brasseur and Lloyd Eisler and the top two ranked male skaters in the world: Elvis Stoiko and Kurt Browning. In short-track speedskating: World Champion Sylvie Daigle, backed up by two World Champion relay teams. In long-track speedskating: World Cup medalist Susan Auch. In freestyle: World Champions Jean-Luc Brassard in moguls and Phillipe Laroche and Lloyd Langois in aerials, and World Cup medalist John Smart. In bobsleigh: World Cup winners Chris Lori and Pierre Lueders. In biathlon: 1993 World Champion Miriam Bedard. And not to forget our hockey team as well. Canada is a power at the Olympic Winter Games, a fact which should not come as a surprise since we have a well-known reputation as a country of ice and snow.

Canadian athletes succeed despite some formidable barriers. One of the most daunting is the size of our country. Let me give you an example of just how big a challenge we face in trying to create common cause across 6,000 km. In skiing, we have four key regions that produce talent: Quebec, Ontario, Alberta and B.C. As you can imagine, it is time-consuming and costly to bring top athletes together to train and compete. Add in our relatively meager population and on-going financial pressures. To become a World Cup winner, a Canadian must work through these hurdles, plus face ski-mad countries like Switzerland and Austria where their population may be smaller than ours, but they can bring together every member of the National Team from every corner of the country in less than three hours. If you superimposed Canada over Europe, for us it would be like bringing together athletes from Lisbon in Portugal to Moscow in Russia.

But we have overcome our geographic barriers through the greatest resource of our country. Recently, I was at a luncheon where Roy Romanow, Premier of Saskachewan was the guest speaker. Premier Romanow described Canada as "a triumph of politics over geography and economics." I would differ only slightly from the Premier's description of our country, adding that "Canada is a triumph of people over geography and economics." People—parents, educators, coaches, friends, and spectators—lend vast amounts of love, financial support, time and effort to realize the dreams of our best athletes.

But we succeed in spite of our geography. We succeed because of people. We succeed because of our own unique approach—combining private-sector support with public-sector resources. We succeed because we have a far less chauvinistic society than any in Europe. We aren't perfect yet, but women get far better financial support and respect for their success in sport in Canada than any European country, including Scandinavia. We succeed thanks to the openness of our borders and our tolerance of newcomers to Canadian society. Many of the individuals who have built athletic success in Canada are new Canadians: first or second generations or landed immigrants, who have brought their passion or experience to our sport programmes. And Canada is better for it.

We succeed because it really is remarkable how much we have in common across this vast corner of the world. From St. John's, to la ville de Quebec, to Toronto, to Calgary to Victoria, notwithstanding what some regional politicians might have to say, we really do have a common purpose, interests and ideology—hockey, Canadian peace keepers, medicare, the CBC, and having visited the West, the Maritimes and now Central Canada in the last four days, our world-famous snow and cold temperatures.

But there is the bad news: in the moment of our greatest triumph, our sport programmes are dying.

Olympic sport in Canada has been built through the joint contribution of corporate sponsors and government funding. We are all well aware of the financial straightjacket that embraces every government in Canada. We are in a period of restraint and restructuring. No one is exempt and sport will be no exception. But while we re-examine many of the sectors that have defined Canadian society—health care, unemployment insurance, education; equalization payments, regional diversification, multiculturalism—with an eye to restructuring to match demand with revenues, when do we defend investment in common national purpose, common goals, in our youth, in our future?

Our federal government faces a $46 billion annual deficit. Olympic sport receives approximately $60 million annually—already cut back some 25 per cent in the past two to three years. Today, I stand before you as an advocate that this is money well-spent—in both the national interest and in building positive role models who by realizing their dreams create dreams for hundreds of thousands of young children across our country.

Dreams mature into goals and goals are what drive productive people. Consider these facts. As taxpayers it costs us $51,000 to incarcerate a prisoner in Kingston Penitentiary for one year. It costs us about the same to train one Olympic skier for one year. We spend $1.5 billion annually maintaining our prison system. As I said earlier, we spend $60 million annually on Olympic sport. For the tremendous positive spin-offs for our national morale and development of positive role models what we spend is a pittance.

In this case, an ounce of prevention can be worth a pound of cure. We would be well served in Canada to spend more on our youth, on our future, keeping them busy with programmes of every kind—sport, arts, culture in addition to a renewed commitment to education. The laissez faire approach to Olympic sport will not work. Today's focus in the corporate sector is on cost-cutting, putting a squeeze on promotional dollars. The reason why government got into the sport sector in the first place was the lack of financial support for grass-roots programmes that lack the profile of the pro-sport franchises. Even professional sport is sucking up available dollars as these businesses convert to entertainment enterprises.

Who picks up the slack? Can we, as a nation, afford to abandon one of the key programmes that provides the glue that binds together our country? Can we afford not to invest in our youth? The productive, focussed youth of today are productive, focussed adults of tomorrow—our future leaders and captains of industry.

I sincerely hope that when one of our athletes climbs up on the podium and you see the maple leaf rising to the strains of O Canada, you remember that moment, savour that moment, that pride that one of "ours," a product of Canadian society, has realized a goal, a dream, and we can all share in it. I also want you to remember that these victories will have a profound effect on thousands of young children right across the country. They will be inspired. They will start to dream their own dreams, establish their own goals, and we can't let them down.

So what are the solutions? How can we preserve our high performance sport programmes in the face of severe deficit problems? I believe we can. In the same way we must deal with our imbalances with unemployment insurance or health care—by restructuring, by re-inventing government.

First, by commitment to baseline funding. A $60-million base to allow our sports administrators the ability to plan rather than be whipsawed by fiscal uncertainty year after year.

Second, by streamlining. As I said, $60 million goes to sport, but the total financial envelope to the Ministry of Fitness and Amateur Sport is $90 million. One out of every three dollars is consumed by the bureaucracy to evaluate, monitor and implement affirmative-action programmes. We can't afford it. The best kind of evaluation in sport is when you get in the start gate—harsh, but effective and accurate.

Third, stop bottom line slashing. The previous federal administration implemented across the board cuts of 15 per cent and 10 per cent to all Fitness and Amateur Sports programmes. A cut of this sort to the administration reduces costs—secretarial positions, paper, travel. To a sport programme it cannibalizes and guts the environment for success.

Fourth is advocacy. Non-fiscal tools can play an important role in boosting the profile of sport. The CRTC licenses TV and radio, encouraging Canadian programming. Add Canadian sport programming as a priority. Use external affairs to profile our efforts. Understand that education is a combination of healthy mind and healthy body to produce productive citizens.

We can preserve the investment we have built. I am using every opportunity to tell our new federal government how important it is. I hope you will do the same.

The Olympic Games have moments of greatness, drama, disappointment and heartbreak. This pinnacle of sport is a goal, the motivation for enormous devotion to excellence. It astounds me that wherever I travel in the world, on six continents through diverse cultures, mention the word "Olympics" and people know exactly what you are talking about. But the greatest potential of the Olympics, beyond athletes or competition, is the symbolism of the Games. In closing, let me share an example, one that is very personal.

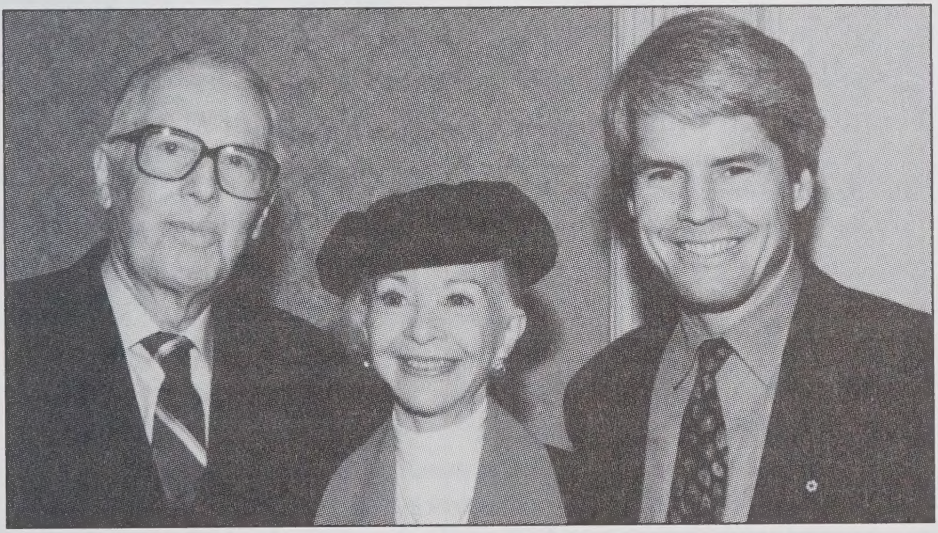
Barbara Ann Scott and I share one of those very special symbolic moments from the 1988 Olympics in Calgary. It was the idea of Calgary Olympic Chairman Frank King. You may remember in December, 1987 Barbara Ann and Ferd Hayward carried the Olympic Torch the first kilometre of the cross-Canada run, down from Signal Hill in St. John's. Eighty-eight days later, Cathy Priestner and I carried that same torch on its final kilometre into McMahon Stadium in Calgary, where we passed the torch to a young aspiring Olympian by the name of Robin Perry who lit the Olympic Flame which marked the opening of the 15th Olympic Winter Games.

Over 88 days, linking every province and territory of Canada, including over 7,000 Canadians from every walk of life who carried the torch for one kilometre as it made the country-wide trip, the Olympic Torch was a symbol of celebration of what it is to be Canadian and of this vast, wonderful country we call home. But Frank King chose those key moments—the start of the journey, the end of the journey and the lighting of the flame as a symbolic passage—from Barbara Ann and Ferd as Olympians of the past, to Cathy and myself who are active within the Olympic movement today as Olympians present, to young Robin Perry representing Olympians of the future.

The Olympic Torch was a remarkable demonstration of how proud Canadians are of our country and of our athletes. It was a symbolic joining of hands. Next month, there won't be an Olympic Torch to symbolically link all of us to our Olympic Team in Lillehammer. I am convinced that the success of this team will strike a cord, ignite enthusiasm and make us proud.

Thank you for inviting me to speak to you today.

The appreciation of the meeting was expressed by Catherine R. Charlton, President, The Charlton Group and a Past President, The Empire Club of Canada.



*Winter Olympics '94: Guest speaker Ken Read, winner of five World Cup Downhill Championships is joined by Barbara Ann Scott King, holder of the 1948 Olympic, World and European Figure Skating Championships, and Leland Ausman, Honorary Director of The Empire Club.*

January 26, 1994

# Her Excellency Sandra Fuentes

Ambassador of Mexico

## MEXICO AND CANADA—BEYOND NAFTA

Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

**Head Table Guests**

Carlyle Dunbar, Financial Journalist and an Honorary Director, The Empire Club of Canada; Elia Enkuez-Escamilla, grade 13 student, Oakwood Collegiate Institute; John Crispo, Professor of Political Economy and Industrial Relations, Faculty of Management, University of Toronto; Robert L. Brooks, Executive Vice-President, Investment Banking, Bank of Nova Scotia and a Past President, The Empire Club of Canada; Julie K. Hannaford, Partner, Borden & Elliot and 2nd Vice-President, The Empire Club of Canada; Rev. Ariel Dumoran, St. Lorenzo Ruis Congregation; Brian Segal, Publisher, MacLean's Magazine.

**Introduction by Dr. Jackman**

When Ambassador Fuentes murmured something about the size of the audience, I had to tell her the truth. When the snow flies and the temperature gets this cold, Canadians all go looking for trading opportunities in Acapulco. Some stay, however, and last year in December, the Liberal government proclaimed into law the North

American Free Trade Agreement. This was the same bill that was passed by the Conservative government the previous spring.

Roy MacLaren, the Liberal Trade Minister, said the NAFTA agreement will create the world's largest single trading bloc. With the combined population of Canada, the United States and Mexico at 360 million people with an annual output of $7 trillion, this trading bloc is indeed enormous. Mexico alone accounts for 85 million people, almost triple Canada's population.

As you know, the NAFTA legislation has now been proclaimed in all three nations. It will mean freer movement of goods, services and investment among the three countries.

Because of NAFTA—a new word about to enter Webster's dictionary—each country recognizes the importance of the ambassador they send to reciprocating countries. We have heard that President Salinas believes that the two most important international diplomatic posts for Mexico for the next several years will be Washington and Ottawa. When Mexico requested that Canada accept the credentials of Mrs. Sandra Fuentes as Mexico's ambassador, our Governor General had no difficulty in doing so (in February, 1993).

As ambassador for just under a year, Mrs. Fuentes has made her mark amongst the diplomatic corp and amongst Canadians. A Financial Post article was titled, "Mexico sending us high-powered new ambassador." Variously described as bright, brilliant, super–bright, outgoing, energetic, lots of fun and a real intellect, she is also a real pleasure to meet.

She might also be described as having a severe case of wanderlust as you will appreciate when I tell you all the countries she has worked in. Whether this condition preceded her entry into the diplomatic corp is yet to be determined.

Her Excellency graduated with a law degree from the National University of Mexico and studied international economic law in London, England. In her career in the foreign service she has served in Mexico's embassies in London, Paris, Rome and Washington before being promoted to the rank of ambassador and appointed Consul General in Hong Kong in 1988.

In Mexico's foreign affairs secretariat, Ambassador Fuentes has been Director-General for Western Europe (1979–1983) and, subsequently, as Director-General for the Pacific (1991–1992). Ambassador Fuentes has participated in numerous international meetings and conferences of a bilateral and multilateral nature and has been decorated by the governments of Germany, France, Italy, Great Britain, Spain and Sweden.

She is fluent in Spanish, English, French and Italian. She is married to Dr. Henri Robcis, a veterinarian, and has two children, Camille 15 and Sebastien 11.

Ladies and gentlemen, would you please welcome Ambassador Fuentes who will speak on Mexico and Canada—beyond NAFTA.

## Sandra Fuentes

Ladies and gentlemen, it is a great privilege to be here this afternoon and to be part of such a distinguished list of speakers. The Empire Club's invitation to me, as ambassador of Mexico, underscores just how much my country has evolved during the past decade and how brightly the international spotlight is shining upon those changes. Mexico is indeed "moving up in the world," fulfilling for the first time its historical potential. But Mexico is not alone in this journey toward progress.

Through NAFTA, Mexico, Canada and the United States are building a new North American identity that will define our countries' futures for the next century. I invite you to participate this afternoon in a "Mexican-Canadian joint venture," and reflect with me on where we are headed and how we might get there.

As I see it, you are not merely an audience, but also my sounding board. You are my cross-national partners in colouring in the outline that NAFTA has drawn for all of us.

After months of often-harrowing negotiation, endless editorials and television debates, not to mention trinational diplomatic headaches, NAFTA finally became a reality. Indeed, during this past year it seemed that Mexico and Canada's favourite national pastime was to speculate on whether the deal would be ratified. Thankfully, the game is over now, and we all know the score. But today the direction and content of our speculation has shifted toward NAFTA's impact on our countries.

Before January 1, NAFTA was only a figment of negotiators' imaginations, or a catchy acronym for media headlines. Now it affects Mexicans and Canadians from all walks of life and will continue to do so for decades to come. But in order to prepare the next stage of thinking about NAFTA, it is necessary to clearly assess what NAFTA represents and what it does not.

First and foremost, it is crucial to recognize that NAFTA is not a panacea that will automatically cure Mexico and Canada's economic woes. Thorny issues such as unemployment, sluggish productivity and changing living conditions will continue to test both countries, with or without free trade. In fact, these are global economic dilemmas. Many social and economic problems that haunt our two countries were born before the agreement was conceived, and NAFTA is not a pill prescribed to postpone the pain of necessary adjustments.

If NAFTA is not a panacea, neither is it the apocalypse. Contrary to the predictions of doomsayers, it will not single-handedly bring down governments, marginalize labour unions, collapse local industry, or lead to environmental destruction. What NAFTA does is herald the advent of a new economic era in which traditional activities will be pressured to restructure or fail. NAFTA may accelerate that inevitable adjustment. In so doing, it will test the adaptive capacities of governments and societies. To put it simply, NAFTA is an instrument and an opportunity. Like all instruments, it can be played melodically or out of tune. Like all opportunities, it can be seized or lost.

Both Canada and Mexico are at a critical juncture. As we prepare for the 21st century, history has granted us the chance to reinvent ourselves—to learn from our past mistakes and to build better societies. NAFTA will be a crucial part of that reinvention process. Most of all, it will bring our two countries together so that the acquisition of knowledge is more profound and the building more solid. The key concepts that will increasingly define Mexican-Canadian relations will be "co-operation" and "integration."

We have signed a treaty that binds us formally as trading partners, yet, we have only just begun to discover each other as countries. Before NAFTA, Canadians' perception of Mexico was of taco chips, sandy beaches, sombreros and desperate poverty. Mexicans' storybook vision of Canada was built upon images of mounted police, maple leaves, wide-open prairie, polar bears, and, as this past month has reminded me, cold and snow! We viewed each other through the distorted lenses of damaging stereotypes. But now that the courtship is over, we will slowly—and perhaps at times painfully—learn what married life is like!

Free trade will mean more than the unrestricted flow of goods and services across the border. It will also mean exposure to the subtle mores, habits and traits of our respective national characters. You will soon sample the spicy flavour of our salsas, the freshness of our fruits and vegetables and appreciate the quality of our compact cars. We, Mexicans, will acquire a new taste for maple syrup, Saskatoon pie, Canadian Christmas trees and perhaps even constitutional debates! Corona will become a household word across the Canadian provinces (if it has not already!) just as Northern Telecom may lead to an unprecedented phenomenon in Mexico—efficient telephone service!

These changing tastes and perceptions are no trivial matter. Once we think of each other as partners and equals, we will begin to treat each other as partners and equals. Integration will then proceed at many levels, far beyond the mechanics of reducing tariffs. As that integration intensifies, we will need to develop new forms of interaction and understanding. Canadian business is already engaged in that process of learning and is rapidly discovering the unbounded opportunities that exist south of the American border. I encourage you all to do the same.

But although today we celebrate all of the possibilities which free trade provides, I remind you again that NAFTA will not be a cure-all. Now is the time to build on what it represents, rather than to lament what it does not.

From the perspective of my country, while NAFTA's implementation is clearly a high foreign policy priority, it is only one part of a larger plan for growth, development and reform. More importantly, we believe that NAFTA is not the appropriate tool with which to criticize member states' non-trade policies.

For all its promise, NAFTA is only what its name suggests—a free trade agreement. Other channels of communication are open to address other kinds of concern. They have been used in the past and we will continue to use them in the future.

Nevertheless, given the importance that has been attached to NAFTA (both in and outside Mexico), it is not surprising that the people of Chiapas should use it as a symbol to emphasize their long-standing grievances. This is their complaint and the Mexican government is listening. What is less understandable is the linkage between NAFTA and human rights currently being advocated by organizations within Canada. Yes, poverty and human rights are issues of great importance—to both Mexico and Canada. But one incident—such as the one in Chiapas—should not stand in the way of a greater project for modernization and development, a project that is attempting to bring economic prosperity for a better quality of life to all Mexicans.

Some elements within Canada have consistently disputed these beneficial effects of North American free trade. But if it is the NAFTA process itself which these groups oppose, they should not seize upon the legitimate plight of the people of Chiapas. Let them lay their real concerns upon the table and we will debate them head-on. In the case of Chiapas, my government has quickly responded to international requests—including those of your country—to observe first-hand the delicate and tragic situation in this region.

The Mexican government does not shy away from this publicity, or from its international responsibilities. On the contrary, as an increasingly prominent member of the international community, Mexico knows that 'transparency' is an international norm which has been gaining in popularity in the past two decades. However, in granting entry to foreign observers, we ask that the international community use that access to better understand the situation, rather than only to criticize. In particular, the causes behind the Chiapas problem are rooted not only in Mexico's ancient history but also in the forces of contemporary international economics.

Chiapas is one of the most beautiful states in Mexico, but its mountains and rugged landscape also explain the difficulties encountered by the authorities in bringing the most basic services to these isolated communities. This isolation also reduces the exposure of these communities to the national market. In addition, it allows the establishment of local, influential individuals who then become the interpreters in voicing the needs and demands of the communities, while at the same time slowing the development of democratic institutions.

To these ancient obstacles to development, we must add three other factors.

First, the population growth in the area exceeds the national average and not only overcrowds land and depletes natural resources, but also leads to migration and agrarian disputes. Secondly, the impact of the decline in international prices of coffee and meat have seriously affected the peasant communities of the region. Finally, the pressures to preserve the environment has limited the economic development of those communities that rely on logging.

While the government has implemented actions to address these problems, the recent events in Chiapas remind us that we need to work more expeditiously to create alternative sources of income and address the demands for social and economic justice in these communities. Last week, President Salinas announced the implementation of an economic and social programme for the Chiapas region and the creation of a new commission for social justice and advancement of indigenous peoples.

Finally, we ask the international community to examine the long-term commitment to economic and political reform that has been undertaken by President Salinas' government. This reform is designed not only to improve the situation in Chiapas, but also to allow all of Mexico to travel along the road to becoming a first-world nation.

I think you will agree that two of the most prominent causes of social and political unrest are poverty and economic stagnation. Our government is committed to alleviating these more systemic problems. Today, governments in several countries around the world are facing demands for similar economic and political reforms.

In many cases, however, the two do not mesh. As events in the former Soviet Union so painfully remind us, "shock therapy" is not always conducive to social and political stability. If we look around, we also see many countries grappling with discontented minorities within their borders, or groups with conflicting economic or political visions. Here, one does not have to look only to the traditionally poor states of Latin America, Asia and Africa, or to Central and Eastern Europe. This is a first-world as well as a third-world dilemma.

In confronting these kinds of political and economic challenges, Mexico is not unique. What is notable, however, is the remarkable success which my country has had in the past decade in implementing and sustaining fundamental structural reforms.

Since 1983, but especially since 1988, we have worked to put our finances back in order and to establish the conditions for a healthier economy. While in 1982, we faced a public deficit that represented 17 per cent of our GDP, in 1993, for the second year in a row, we had a surplus. We have lowered inflation from 160 per cent in 1987 to eight per cent in 1993. Our total debt fell from 81 per cent of our GDP in 1986 to only 29 per cent in December, 1992. Since 1989, Mexico has received more than $30 billion in direct foreign investment and $15 billion through the stock and bond market. Our foreign trade amounted to $143 billion in 1992, three times more than in 1986. Ten years ago, 71 per cent of our exports were oil products. Today, 72 per cent of our products are non-oil goods. The income derived from the privatization process has exceeded $25 billion.

As these statistics indicate, we have taken a tough but dedicated path towards modernizing our country.

Now is not the time to reverse this process by slowing the implementation process or weakening the effectiveness of the NAFTA agreement. It is a tool for further progress and development. Instead, firm support for NAFTA from Canada and the United States will inspire and strengthen those forces in Mexico which are working towards modernization. It is this correlation of forces that can further open up Mexico to the international community. It needs the encouragement and assistance of countries like Canada now more than ever.

Ladies and gentlemen, the Mexican government acknowledges that the road to a better economic and political future is not a straight one. I believe that if you compare Mexico's reform efforts with those of other nation-states, our commitment will not be found lacking. Evidence of real innovation is everywhere. Many Mexicans have already felt the benefits.

We recognize that there will be growing pains and that many of the adjustments will be difficult. Some of you, in various constituencies, will face the same kind of pressures. But the historic movement for change on our shared continent cannot be halted. It deserves your support and enthusiasm.

This weekend we celebrate the 50th anniversary of the establishment of diplomatic ties between Mexico and Canada. As I suggested earlier, the relationship that this event commemorates is based firmly on co-operation. It is also rooted in mutual respect and tolerance of diversity. While we have much to learn from Canada, and welcome your assistance and advice, we also believe that you have much to gain from us. NAFTA has opened the door to that process of exchange and learning. Let us do our best to keep that door open. Thank you.

The appreciation of the meeting was expressed by Robert L. Brooks, Executive Vice-President, Investment Banking, Bank of Nova Scotia and a Past President, The Empire Club of Canada.

*Ambassador of Mexico, Her Excellency Sandra Fuentes and Robert L. Brooks, Executive Vice-President, Investment Banking, Bank of Nova Scotia and Immediate Past President of The Empire Club of Canada.*

February 2, 1994

## Garth Drabinsky

Chairman, Live Entertainment of Canada Inc.

# LIFE UPON THE WICKED STAGE—FREEDOM OF ARTISTIC EXPRESSION

Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

### Head Table Guests

Larry Stout, Broadcaster, CTV Television Network Ltd. and a Director, The Empire Club of Canada; Robyn Burnett, grade 13 student, Northern Secondary School and Director of the Drama Production *Emily's Show* entered in the Sears Drama Festival; Rabbi Dr. David Monson, Rabbi Emeritus, Beth Shalom Synagogue; Nicola Clayton, Director, Marketing and Research, MacLean's Magazine; Douglas Knight, Publisher, The Financial Post; Pierre Berton, Author, Journalist and Broadcaster; The Hon. John M. Godfrey, Q.C., Counsel, Fasken Campbell Godfrey and recently retired from the Senate of Canada; J. A. William Whiteacre, M.M., C.D., Q.C., Counsel and Honorary Solicitor, The Empire Club of Canada; June Callwood, O.C., Journalist and Broadcaster; Moshe Safdie, O.C., Architect and Urban Designer; Bradley D. Griffiths, Director of Corporate Finance, Gordon Capital Corporation.

### Introduction by Dr. Jackman

In Garth Drabinsky's address to The Empire Club eight years ago (October 23, 1986) he talked of the need for more entrepreneurial spirit saying, "...the only things we Canadians need feel inferior about is our well-known inferiority complex. It saps our will and stands in the way of our achieving all those wonderful things that are well within our capabilities."

Well, Mr. Drabinsky did not grow up with a silver spoon. As a young child he was a victim of polio involving multiple surgeries over five long years. Showing early signs of leadership, he became President of the Student Council at North Toronto Collegiate. He later studied at the University of Toronto earning a law degree and was called to the Bar in 1975. While developing a successful entertainment law practice, he wrote what has become a standard reference text titled *Motion Pictures and the Arts in Canada—the Business and the Law* (McGraw Hill Ryerson, 1976).

His love with the performing arts began with the publication of cinema journals and producing television programmes. Then he produced movies. Both *The Silent Partner* and *The Changeling* won Canada's vote for best picture of the year. Becoming involved with the cinema, he developed the idea of showing several different movies in the same location, using small theatres accommodating only a hundred or so people each. Cineplex, as it has become known, opened at the new Eaton Centre with 18 screens in 1979. Now 1,800 Cineplex Odeon movie theatres can be found all over North America. Indeed, Mr. Drabinsky built Cineplex into North America's largest movie chain. The Montreal World Film Festival named him "The Renaissance Man of Film" for his contributions to the rejuvenation of the movie-going experience. Part of this experience was his commissioning of original contemporary art to decorate all the new Cineplex theatres in the United States and Canada (60 theatre complexes in all).

Later, in a struggle for control of Cineplex, Garth Drabinsky and his partner (since 1978) Myron Gottlieb settled the dispute by negotiating from Cineplex some live entertainment properties. They negotiated the rights to the Pantages Theatre and to the musical mystery story known as *Phantom of the Opera*. *The Phantom*, now in its fifth year, is the most successful production in Canadian theatrical history. You know the rest of the story. These two achievers Drabinsky and Gottlieb have been named "Canada's Comeback Kids!"

Thus began the company known as Live Entertainment of Canada Inc. It is a public company listed on the Toronto Stock Exchange. The company, known in short, as Livent, has also brought us *Joseph and the Amazing Technicolor Dreamcoat*, and multi-award winning *Kiss of the Spider Woman* which also won "best musical" of the year (1993) at the Tony Awards. Livent's production with the greatest controversy, *Show Boat*, is now playing at the North York, Mayor Mel Lastman's dreamboat of a Performing Arts Centre. Mr. Drabinsky is responsible for the programming, managing and operating of this theatre complex.

We invited Mr. Garth Drabinsky to address The Empire Club because of the political issues around race relations that surround the *Show Boat* production.

Not everything is work however. Mr. Drabinsky engages in several charitable activities. He co-founded the Canadian Centre for Advanced Film Studies in Toronto. He is a board member of the Baycrest Centre for Geriatric Care, the Mount Sinai Hospital and Robert Redford's Sundance Institute in Utah, which is similar to our Banff School of Fine Arts, as well as The Actors Studio Inc. (New York) and The American Film Institute (Los Angeles) and the list goes on.

Mr. Drabinsky has received numerous acknowledgments, as you might expect, for his professional achievements and volunteer activities (in both Canada and the United States of America). B'nai Brith International presented Mr. Drabinsky with its Distinguished Service Award while simultaneously creating the Garth H. Drabinsky Lecture Series. He was the recipient of the Air Canada Award for Outstanding Contribution to the Business of Film Making in Canada (1987) in addition to Canada's prestigious Vanier Award (1987). Numerous other recognitions have been received, as well as fellowships at Ryerson (Polytechnical Institute) and York University.

His hobbies show his passion for culture. He has collected Canadian contemporary art since his early twenties and for the last four years has operated The Drabinsky Gallery in Toronto's Yorkville. Given the time, he turns introspective. His autobiography, for those who wish to follow his amazing dream more intimately, will be published by year end. He lives at home with his wife Pearl and their two children Elicia and Marc.

Ladies and gentlemen, would you welcome this amazingly-accomplished and extraordinary Canadian, Garth Drabinsky.

## Garth Drabinsky

Mr. President, honoured guests, ladies and gentlemen, before I begin, in case you missed the news report today, I want you to know that when I woke up this morning, I saw my shadow. This means there will be six more years of *The Phantom of the Opera*.

"Life upon the wicked stage, ain't ever what a guy supposes," wrote Oscar Hammerstein II in *Show Boat*. In the case of my career in entertainment, truer words were never spoken.

One of the joys of my life in the theatre is that things are often not what they seem. I am reminded of when Shaw's *Candida* opened in New York with Cornelia Otis Skinner in the title role. The critics were enthralled.

The playwright cabled the actress:

"Excellent, Greatest." George Bernard Shaw.

Miss Skinner replied: "Undeserving such praise."

Shaw cabled back: "I meant the play."

She answered: "So did I."

My topic today—freedom of artistic expression—is a constant focus of public debate. Dominating the headlines, it is a subject that affects not only those working in the performing, literary and visual arts, but one that has an impact on all of our lives.

My speech today is a warning, a cautionary tale based on my professional experiences, about how freedom of artistic expression can be compromised and, alas, lost in a vain effort to placate specific groups and demagogues whose goal is to limit rational discourse and stifle thought through the unwieldy politics of anger, ignorance and obfuscation—tactics that impinge upon civil liberties that we often take for granted.

The struggle between individual liberty and the collective rights of specific groups is at the heart of this issue. Professor Northrop Frye of the University of Toronto predicted this strain in 1962 during his Massey Lectures titled "The Educated Imagination." He said, "The democratic ideal is one of equality, where everyone has the same rights before the law, but not, except indirectly, one of freedom. It tries to provide the conditions of freedom, but freedom itself is an experience, not a condition, and only the individual can experience it. So for freedom there has to be some tension between society and the individual."

A contemporary phenomenon related to this strife is the emanation of self-proclaimed "victims" who try to further their own, tendentious agendas by manipulating public opinion. As a result, once-considered-important and praiseworthy books, plays and musicals written in a different historical, cultural and social period can now be attacked, stigmatized and threatened with removal from library shelves and public display rather than discussed or analyzed within a proper, rational context. It makes one wonder: Is there such a thing as freedom of artistic expression? Was George Orwell right when he wrote, "No matter what laws exist, the only real protection is the force of public opinion?"

As one educated in law, I could talk at length today about attempts by the Canadian courts to abridge or expand the notion of freedom of artistic expression and, by association, freedom of speech in such cases as Butler v. Her Majesty, where the courts struggled once again with re-defining obscenity, and, of course, the famous Keegstra case. I could also delve into the detailed provisions of Sections 1 and 2(b) of the Canadian Charter of Rights and Freedoms, or discuss how the United States courts, by comparison, have dealt with freedom of artistic expression under the First and Fourteenth Amendments to the United States Constitution. But I am not interested in following this approach.

Rather, I will explore a more subtle and fundamental question: What happens when certain ad-hoc groups curtail other people's freedoms while asserting their democratic right to argue their own cases of alleged intolerance, racism, prejudice and inequality?

As a theatre producer and, previously, a movie producer, distributor and exhibitor, I know that freedom of artistic expression is an elusive ideal. It is always at risk. Its root—freedom of speech—is the foundation of liberalism and democracy. As the 17th-century philosopher, Voltaire, said, "I disapprove of what you say, but I will defend to the death your right to say it."

Most reasonable men and women consider this principle to be axiomatic. However, in the heat of argument, some people find it difficult to rise above their own perspectives in an effort to preserve their opponents' right to hold contrasting beliefs and opinions. Many people would prefer to silence their antagonists rather than engage them in a rigorous debate. Yet, we know that truth and learning emerge from unfettered discourse and discussion.

In my previous career as Chairman of Cineplex Odeon, I found myself in 1988 at the centre of a very contentious controversy over Martin Scorsese's film adaptation of Nikos Kazantzakis' 1955 novel *The Last Temptation of Christ.* Kazantzakis was an intellectual who had written treatises on Nietzsche, Bergson and Russian literature. He was a student of Buddhism and translated Homer, Dante and Goethe into modern Greek. The great humanitarian, Albert Schweitzer, was one of the first to recognize his greatness. *The Last Temptation of Christ* was Kazantzakis' attempt, through his personal conflicts, to find spiritual and religious relevance in his own life.

The premise of this provocative novel was that in addition to the three temptations Christ faced in the desert, He struggled, in state of delirium, with a fourth one during the final moments of His crucifixion. The Devil tempted Him to climb down from the cross and live the rest of His life as a normal human being. Christ marries Mary Magdalene, makes love to her in order to procreate, and then dies as an old man. Christ ultimately rejects this temptation and fulfils His destiny as the Saviour of Mankind.

Essentially then, this story is an exploration of a centuries-old debate about the nature of Christ's divinity and humanity. Martin Scorsese wanted to film this courageous novel because, he said, "I thought this would be great drama and force people to take Jesus seriously—at least to re-evaluate His teachings ... I wanted to make the life of Jesus immediate and accessible to people who haven't really thought about God in a long time. I certainly didn't think the film would destroy the faith of those who believe strongly."

Because of its unconventional subject matter and, therefore, its questionable commercial potential, Scorsese had trouble finding financing. I believed this project was bold and daring, so when I was approached by my partners at Universal Pictures, I agreed to put up $4 million—half of the financing—and to distribute the film in Canada and exhibit it everywhere we operated theatres.

When the fundamentalist Evangelical Right learned about the production of this movie, they launched a tirade against it, labelling it "blasphemous" and issuing repeated death threats. They resolved to suppress the movie and to take their revenge on anyone who was associated with making it or distributing it. The Reverend Don Wildmon, who headed the American Family Association based in Tupelo, Mississippi, threatened, "We will do everything possible to knock the financial props out from under Universal." Bill Bright, president of the Campus Crusade for Christ, said, "A handful of people with great wealth and depraved minds were corrupting the world."

As might be expected in the motion-picture business, many of these targets for revenge were Jewish. So, a wave of anti-Semitic propaganda was unleashed as protesters claimed that "Hollywood is attacking our Lord." Baptist zealots hired a plane to fly over the mass demonstrations held in front of the Beverly Hill's house of MCA Chairman Lew Wasserman pulling a streamer saying, "Wasserman fans Jew hatred with Temptation."

Thousands marched in front of the Universal Studio lot. Campus Crusade for Christ offered Universal $10 million to buy the film outright. Universal adamantly refused. It was one of the most highly-visible series of protests over a film in the history of exhibition in America.

These protests made me realize just how thin is the veneer that masks the bigotry and prejudice constantly smouldering just below the surface of our society, and how little it takes for these hateful passions to pierce through and burst into public view.

With the cover of Time Magazine and a plethora of national media attention, *The Last Temptation of Christ* should have attracted sizeable audiences. But, instead of playing the film in the 800 theatres as we wanted during its opening week, we were thwarted by political considerations, threats of violence, reprisals and boycotts.

I was the only exhibitor who dared to play the movie in the first week of the film's release in August of 1988. Throughout North America, the film opened in only eight Cineplex-Odeon theatres amid enormous security precautions.

Jack Valenti of the Motion Picture Association of America stood firmly on the film's side, and so did the other studios which purchased advertisements in major newspapers nationally supporting the film's release. But, exhibitors were not so brave. Universal Pictures, with all of its influence and power, could not compel the U.S. movie chains to play the film, including the giant circuits General Cinema Corporation (GCC), United Artists (UA), and American Multi-Cinema Corporation (AMC). In effect, every U.S. exhibitor blackballed the picture. Hence, so much for the bastion of freedom of artistic expression so enshrined in the U.S. Constitution!

Although one might assume that the heart of the controversy regarding *The Last Temptation of Christ* was religious intolerance, it really was an effort by the fundamentalists and other ad hoc groups to assert their power. The film provided them with a high profile opportunity to gain renewed support for their agendas and, naturally, their fundraising.

Eventually, the film was released nationally. But by that time, all of its momentum had dissipated. Too bad we were never able to probe and dig beyond the superficiality of all the angry claims and allegations to investigate the profound issues this movie raised. What a dramatic opportunity we had to meaningfully discuss and explore the nature of religious faith in contemporary society!

I am proud of my decision to co-produce this faithful adaptation—a film that was crafted with both integrity and passion by a brilliant director. I am also proud of my steadfast determination to withstand the efforts of those who would repress our right to create a film that is now regarded as a classic of its kind.

Like religion, the subject of race can be another flashpoint in matters of artistic expression.

In Canada, the continual transformation of our country's cultural fabric is creating another kind of struggle. Today, public discourse on such issues as racism, multiculturalism and nationalism, rather than illuminating, too often tends to disintegrate into a confusing and bewildering babble of meaninglessness and recrimination.

At the beginning of my speech, I referred to Professor Frye's observation that tension between society and the individual is actually a condition of freedom. In the same lecture in 1962, Professor Frye also presciently noted in Canadian society "the rise of the small community that coheres around a cultural tradition," and predicted that this would be "the most significant social movement of our time."

I believe it is fair to say that today, radical segments, who are determined to create platforms for the advancement of their own agendas, have emerged within some of these communities. As Canada's multicultural experiment has successfully created a country based on preserving and celebrating our diverse cultural heritages, certain self-appointed community "leaders," some who are pedants, are now asserting themselves in Canada's political life. These individuals have realized there is great power in terming themselves as "victims" and exploiting the empathy of our tolerant society for their own purpose.

I believe this is what happened with the protests we witnessed last year regarding our new production of *Show Boat*.

To understand the *Show Boat* issue, let us examine this new politics of identity, of empowerment, in our *fin de siècle culture*.

One of the ways in which various groups and individuals attempt to empower themselves is by imposing the notion of "political correctness"—a movement of revolt that attempts to give legitimacy to self-appointed arbiters of public opinion. These confused individuals try to gain power through such tactics as irrational juxtapositions, through undermining traditional theories of literature and the humanities, and through strange obsessions with political questions that do not necessarily apply to the subjects of their attack. In the past, they would label their targets "heretics" or "witches" or, more recently, "Communists." Now, they hurl at their opponents such epithets as "racist" or "sexist."

"Politically correct" was originally used by the Leninist left as an approving description of someone who toed the party line in support of the worldwide Communist revolution. Now, political correctness is manifested as a self-defined code of behaviour. As author Paul Berman writes, these radical adherents proclaim, "Liberal humanism is a deception. Western-style democracy, rationalism, objectivity, and the autonomy of the individual are slogans designed to convince the downtrodden that subordination is justice ... Despite the claims of humanist thought, the individual is not free to make his own decisions, nor is the world what it appears to be. Instead, we and the world are permeated by giant, hidden, impersonal structures."

However, there is an irreconcilable conundrum at the heart of political correctness, as Mr. Berman points out: If the politically correct are "as devoted to every kind of tolerant and humane idea as they say ... and if pluralism is their utopia, how can they work up, some of them, so much zeal for small-time inquisitions?"

Which brings me back to *Show Boat*.

Since *Show Boat*'s world premiere at the North York Performing Arts Centre last October, more than 200,000 people of all races, creeds and colour have seen this acclaimed production and the "racist" labelling has essentially disappeared. Many people are puzzled and have asked what all the fuss was about. They cannot comprehend how a musical like *Show Boat*, which makes a major statement against social and racial injustice, can itself be criticized as "racist" or described as contributing to "cultural genocide."

As many of you know, one year ago our then forthcoming production was attacked by North York School Board Trustee, a representative from a segment of Metro Toronto's black communities. She claimed that the musical is "hate literature in the form of entertainment." She made this allegation eight months before our scheduled opening and two years after I first announced the project. She made it without ever seeing a stage production of *Show Boat*, let alone our production. She based her attacks solely on Edna Ferber's novel, written in 1926. Her allegation was, and remains, false. It was a nefarious misconception based upon her simple lack of knowledge, and a cynical disregard for the truth, actually proving once again the proverb, "Art has no enemy but ignorance."

I was shocked, astonished and appalled: Edna Ferber, Jerome Kern and Oscar Hammerstein II racists? How could that be? Hundreds of books, essays, and reviews by informed, authoritative and respected cultural historians, educators and theatrical experts consider *Show Boat* to be one of the greatest musicals of all time, a musical whose message decrying racial intolerance is as timely today as when Jerome Kern and Oscar Hammerstein II wrote this piece in 1927.

In a recent letter to The New Yorker magazine, Edna Ferber's great-niece, Julie Gilbert, called Ms. Ferber "an ardent defender of the oppressed." Mr. Gilbert wrote, "In *Show Boat*," (Edna Ferber) pointed to and described racism—she did not advocate it. Few popular novelists wrote about the existence of miscegenation. The choice to write about it, and, in the case of Julie and Steve in *Show Boat*, to expose its sorrowful ramifications, seems hardly racist. What Feber was up to was calling attention to racism."

*Show Boat* librettist and lyricist Oscar Hammerstein II also fought racism throughout his career. In his work, he preached tolerance and was deeply and devoutly committed to eliminating bigotry. The song *You've Got To Be Carefully Taught* from his *South Pacific* is a powerful indictment of racism, arguing, as it does, that prejudice and intolerance are not qualities with which one is born, but which one acquires. The song has been used by the National Association for the Advancement of Colored People (NAACP) and the American Civil Liberties Union (ACLU) in their awareness and fundraising campaigns.

As well, the director of our production of *Show Boat*, Harold Prince, is renowned for his humanitarian views as expressed in such musicals he has directed and/or produced as *West Side Story*, *Cabaret*, *Fiddler on the Roof*, and *Kiss of the Spider Woman*.

Today, another American legend, Mark Twain, celebrated for the power of his language and his ability to delight and provoke, is also under attack. Often heralded as one of America's "most powerful anti-racist tracts," his novel, *The Adventures of Huckleberry Finn*, is actually being labelled, by some, as "racist." How can this same person, whose writings for years have been praised, loved and respected, become someone who should now be despised, vilified and eliminated from school board curricula solely on the basis of ill-conceived, regressive motions made by ignorant trustees under the guise of protecting community interests?

Let us recall the events of May 1933, when the Nazis burned 20,000 books on a square on the Unter Den Linden opposite the University of Berlin following a torch-light parade of thousands of students. We remember the event, but we likely don't know who the authors of those books were. As a matter of interest, they included such great German minds and writers as Albert Einstein, Thomas and Heinrich Mann, and Erich Maria Remarque who wrote the great anti-war classic *All Quiet on the Western Front*. The works of many admired and respected foreign authors were also destroyed including Jack London, Upton Sinclair, Helen Keller, H. G. Wells, Arthur Schnitzler as well as Freud, Gide, Zola and Proust. Any book was condemned which "acts subversively on our future or strikes at the root of German thought, the German home and the driving forces of our people."

Today in our country, Canada customs have arbitrarily seized shipments of books by such acclaimed authors as the American David Leavitt and the French writer Marguerite Duras. Here in Toronto, a local artist named Eli Langer is facing criminal charges for creating allegedly pornographic paintings. Have we really learned the lessons of history?

The *Show Boat* incident got uglier. On national television, this same elected school board trustee made the insidious statement that white men, especially Jewish people, are always responsible for "racist" plays that denigrate black people.

This irresponsible and bigoted remark unleashed a corrosive torrent of vile and repugnant anti-Semitic rhetoric—talk about Jewish conspiracies and the power of "oppressors" being used against the "powerless." One flyer issued by an ad hoc group calling itself "Parents of Black Children Against Show Boat" protested the musical saying, "It constitutes an economic and cultural holocaust which transforms any performing arts centre into a gas chamber functioning at full strength at each production, in order to annihilate in the thoughts of the black child any hope of equal opportunities in the so-called multicultural and multiracial Canadian society."

Also, during a Caribbean Bacchanal last May at the Metro Convention Centre attended by thousands of Calypso and Soca fans of all races, a singer named Hollis Liverpool, who performs under the stage name The Mighty Chalkdust, sang a song called *Misconceptions*. His lyrics said it was a misconception that white people "invented" everything that is positive in society, and that what whites really invented was "rape, abortion, syphilis and AIDS." He went on to sing that Canada is a place where "they ram down your throat that prejudiced play *Show Boat* because *Show Boat* is the discrimination of the African by the Jewish clan." An outraged patron told us that he asked a local CITY television reporter what he thought of Chalkdust's comments. The reporter shrugged as he replied, "It's just Calypso."

His answer reminded me of the words of Walter White, then Executive Director of the NAACP, who, in 1929, wrote, "Intolerance can grow only in the soil of ignorance: From its branches grow all manner of obstacles to human progress."

In fact, it's not just Calypso, for Calypso has a proud history of fighting racism. In 1939, the famous Calypso performer who took the stage name "Attila the Hun" wrote the following lyric:

"Let's give serious contemplation,
To the question of Jewish immigration,
Just like our forefathers in slavery,

From the brutality of tyrants they have to flee,
So it's nothing but Christian charity,
To give these oppressed people sanctuary."

The *Show Boat* debate took on even more absurd proportions. For 30 continuous weeks, I was the subject of scurrilous, anti-Semitic commentary in Share, a weekly tabloid targeted at Metropolitan Toronto's black communities. During these weeks I heard that the white supremacist Heritage Front was organizing a rally in support of *Show Boat*. Another rumour was that the Reverend Al Sharpton, an agitator involved in many incidents of racial unrest in New York City including the Crown Heights riots, had visited Toronto to advise the protesters. Some would consider this fodder for a new social satire by Tom Wolfe.

What disturbed me greatly about all of this—more than the expletives—was the public silence of our political and business leaders, not only in the black and Jewish communities, but in the larger community as well. You would expect that these leaders would show the same united condemnation of these insidious anti-Semitic slurs and attempts to limit artistic expression as were expressed by such organizations as the United Way and major media including The Globe and Mail, The Toronto Star and The Toronto Sun. At the very least, they night have suggested that the protesters adopt a "wait and see" position and comment on the production after it opened.

But the ambivalence of our public leaders was staggering. They avoided the production and the issues raised. Despite being invited, not one of them attended our opening night. During my career, I have hosted Canada's federal and provincial leaders—both elected and appointed—at opening night performances on numerous occasions. For the first time in my career, neither the Prime Minister, nor the Governor General, nor Ontario's Premier, nor Ontario's Lieutenant-Governor attended *Show Boat*'s premiere. Not one federal or provincial opposition leader, not one provincial cabinet minister, not even Toronto's Mayor June Rowlands—not one accepted my opening night invitation.

Remember Paul Simon's lyrics to *The Sound of Silence*: "Silence like a cancer grows."

Equally disturbing was the arbitrary authority exercised by the Ontario Human Rights Commission in dealing with this issue. Last September, a month before the musical opened, the Coalition to Stop *Show Boat* asked the Ontario Human Rights Commission to inquire into the dispute and issue a declaration that the classic musical "discriminates against black people." Despite no finding to give credence to the Coalition's allegations, on September 27, eight days prior to the first preview performance of *Show Boat*, the Commission made the alarming recommendation that there should be "future action" to ensure that "there is never a recurrence of such a situation." Surely, it must be obvious that anyone who engages in artistic expression can never give such an assurance because the very nature of artistic expression is to challenge and be provocative. Every idea can be deemed to be an incitement to somebody.

What the Commission was advocating was an advance form of censorship which, to say the least, is clearly "ultra vires" of the Commission's authority. This narrow-minded statement, from a government commission that should be most concerned about preserving freedoms, was an outrageous and naive dictum!

Last October, Dr. Henry Louis Gates, Jr., Department Chair of Afro-American Studies and W. E. B. DuBois, Professor of Humanities at Harvard University, delivered a speech in North York on the topic of "Common Sense and Common Ground on Racism and Anti-Semitism" as part of the B'nai Brith International Lecture Series that bears my name. During that speech he said, "Censorship is to art as lynching is to justice." Based on the Ontario Human Rights Commission's statement, I would add the corollary, “Censorship is to art as arbitrary authority is to freedom.”

Let us never forget that just over 60 years ago, the Reich Chamber of Culture was established under the direction of the head of propaganda for the Nazis, Joseph Goebbels. As the late author William Shirer wrote, “Seven subchambers were established to guide and control every sphere of cultural life: the Reich chambers of fine arts, music, the theatre, literature, the press, radio and the films. All persons engaged in these fields were obligated to join their respective chambers, whose decisions and directives had the validity of law.

“Among other powers, the chambers could expel—or refuse to accept—members for ‘political unreliability,’ which meant that those who were even lukewarm about National Socialism could be, and usually were, excluded from practising their profession or art and thus deprived of a livelihood.”

So why did these protesters attack *Show Boat*? Why this selective outrage focussed at one target? If they were really upset about the portrayal of black people in popular culture and the use of the word “nigger,” why didn’t they go after radio stations playing hateful and sexist gangster rap music by such groups as Body Count, Dr. Dre or NWA, or television stations screening *In Living Colour* with its black-created racial stereotypes, Alex Haley’s *Queen*, or Spike Lee’s *Malcolm X*? Why this hypocrisy?

The reason? For this group, there was no local political currency in attacking movies or pop music, but there was local political currency in attacking Mayor Mel Lastman, the North York Performing Arts Centre, Live Entertainment of Canada inc. and me. The issue was not *Show Boat*. These people were attempting to use culture as a springboard to achieve political power. As playwright Tony Kushner wrote in his 1993 Tony Award-Winning drama *Angels In America—Millennium*

*Approaches*, "Power is the object, not (just) being tolerated... Ultimately, what defines us isn't race, but politics."

The magnificent actor James Earl Jones wisely and succinctly explained the nature of protest against artistic productions. He says, "It's a matter of whose agenda and when?"

Demanding the right to stop the production of *Show Boat* was completely unreasonable and unsustainable. By polarizing the debate, by taking away the middle ground of sensible, informed discussion, the intransigent protesters showed bad faith, and no interest in resolving the controversy.

Another important subject that is central to freedom of artistic expression is the rubric of responsibility. As a theatrical producer, I am responsible for what my company presents. These productions must not only comply with the laws of the day, but must also be sensitive to changing social values and attitudes, and what is acceptable in terms of "good taste." I have always tried to discharge my responsibilities with dignity and sensitivity.

I have always believed it is a grave mistake to impose contemporary values on another era. Who knows? The images of black American hip-hop culture that are popular today may be considered to be harmful and demeaning in the year 2015.

That said, some images and dialogue in *Show Boat*, that may have been acceptable in the 1920s, today could be considered insensitive or in bad taste. Before mounting *Show Boat*, we assiduously reviewed the script and removed language or references in the dialogue which may be considered stereotypical by today's standards. We also avoided stereotypes in casting the production. All these efforts were consistently ignored by our opponents.

But, let us also remember that protesters have a responsibility. Although they may try to deny it, they are accountable for their deeds and rhetoric. In the case of

*Show Boat*, their incendiary tactics and actions created anger and divisiveness. Violence could have erupted had cooler heads not prevailed.

After considerable reflection, I have to agree with Dr. Gates who called the production of *Show Boat* "a victory of tolerance and sensitivity to the feeling of an important segment of this community."

Here's what John Lahr, the esteemed theatre critic of The New Yorker magazine wrote: "The black experience, in both its triumph and its tragedy, is at the heart of the show's perception of America ... History is ambiguous, and so is the idealism of love and hate. *Show Boat* puts that paradox centre stage. Anyone with a demitasse for a hat can see the intention. Not, however, the Coalition, a politically correct sign of our winded times, which wants freedom for everything but thought. Adamance without information only trivializes protest. That's why the Coalition's cries have had all the impact of a popgun; and why, after seven decades, *Show Boat* still speaks to the informed heart of the democracy."

In the end, Orwell was right—the court of public opinion did indeed prevail.

I could not help but wish that all the newspaper ink and broadcast time devoted to the controversy could have been spent instead on the exploration of *Show Boat*'s artistic themes and ideas, especially its message of racial tolerance. That would have elevated the discussion from the lowest common denominator of sensationalism to true learning, understanding and appreciation.

I still feel the controversy should never have occurred. The emotion expressed by the protesters was an empty catharsis. So much time and effort was wasted which should have been devoted to the pressing concerns, needs and challenges facing Metropolitan Toronto's black communities. Real racism's legacy is the hopelessness and alienation felt by those who believe they have been denied equal opportunity and fair treatment by our society, and who think that their contributions to their country are all too often ignored. Notwithstanding my very specific comments today, and the rhetoric of the more extremist segment of our community, we all must ensure that we never dim our focus on the real needs of those who suffer daily from social injustice and economic inequality. Together, we must continue to fiercely battle the true source of these problems today and in the future.

Let us remember the words of Alexis de Tocqueville who warned about the evils of repression in a speech in 1848: “Democracy and socialism have nothing in common but one word: equality. But notice the difference: While democracy seeks equality in liberty, socialism seeks equality in restraint and servitude.”

Artistic expression in a democratic society has the power to provoke, stimulate, scrutinize, inspire, engage and educate. It is the antithesis of fear, ignorance and hatred which often lead to the repression of the mind and spirit. Just imagine what we would lose if the pronouncements of the Jeremiahs were the only opinions voiced!

Indeed, freedom of artistic expression is a perilous voyage that we must navigate between the Scylla of sophistry and the Charybdis of the disaffected. Democracy is a fragile flower. If we begin limiting artistic expression, then the next step is to limit political expression. The next step after that is silence. Nothing less than these precious intangible and essential rights are at stake.

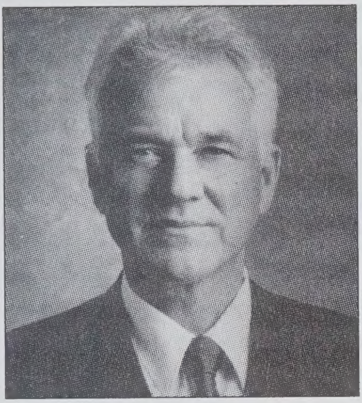
Our society and community desperately need courageous and visionary leaders, teachers and commentators who are willing to express and defend the integrity of our nation’s creative constituency. We must diligently protect our right to examine and explore issues in an enlightened climate of public discourse, free from fear of reprisal of the ponderous machinations of the politically ambitious who are all too willing to pass off meretricious slogans for real debate.

Let us ensure that the song we sing is not a threnody, lamenting the freedom we once had and then lost, but rather a joyful, exalting chorus. As Paul Robeson said, "The song of freedom must prevail."

Thank you.

The appreciation of the meeting was expressed by J. A. William Whiteacre, Counsel and Honorary Solicitor, The Empire Club of Canada

*Past Presidents Nona Macdonald and Douglas Derry (right) with Director Douglas Todgham (centre).*



February 10, 1994

# Frank Stronach

Chairman, Magna International Inc.

## OPERATING WITHIN A GLOBAL ECONOMY

Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

### Head Table Guests

Tom Wells, President, T. L. W. Consulting and a Director, The Empire Club of Canada; Flamino Carelli, grade 13 student, Humberside Collegiate Institute; George C. Hitchman, President, Fineline Circuits Limited; Jan Rush, Assistant Deputy Minister, Sector Development Division, Ontario Ministry of Economic Development and Trade; The Hon. Barnett Danson, P.C., Consultant and an Honorary Director, The Empire Club of Canada; Paul O'Donoghue, Chairman and CEO, Marsh & McLennan Ltd.; Anne Libby, Co-owner, Libby's of Toronto Art Gallery and a Director, The Empire Club of Canada; The Rev. Cameron Brett, Minister, St. Andrew's Presbyterian Church; Royden R. Richardson, Secretary and Director, Richardson Greenshields Canada Ltd.; Seth Merski, Senior Vice-President, Corporate Banking, Bank of Nova Scotia.

### Introduction by Dr. Jackman

Every once in a while there is a simple story that has an amazing outcome. So it is my pleasure to tell you the story, albeit briefly, of Frank Stronach.

Once upon a time a young boy was born far away in Austria, (September 6, 1932) in the small town of Weiz (population now of 10,000), during the worst depression of this century and amidst the changing sociology of pre-war Europe.

Growing up with one older sister, young Frank quit high school at age 14 (that would be 1946) to apprentice as a tool and die maker. After completing the four-year programme later the young graduate worked locally at his craft.

As some young men did in those days, he set out to see the world. He chose a new land on that voyage and at the age of 22 he arrived in Canada (in 1954). He tried Montreal briefly, then Kitchener for two years and finally Toronto, renting a garage (at the corner of Dupont and Dufferin) to set up a small tool and die shop and thus began his success story. Making a little profit, he built a small plant in Richmond Hill to employ 10 people. And then he built another and another and another. And so the story goes.

His company known as Multimatic Investments merged 12 years later, in 1969, with Magna Electronics. Four years later the company was renamed as we know it today, Magna International Inc.

The proverb "a rolling stone gathers no moss" characterizes both Mr. Stronach as well as the sales of his company.

Sales in 1971 amounted to $12 million. Fifteen years later in 1986 they were $1 billion and now (1993) they are over $2 billion ($2.359 billion). Revenue for 1994 is anticipated to be $4 billion.

Magna ranks 45th in sales in the Canadian Business magazine ranking of the top 500 Canadian companies. It is, ladies and gentlemen, conceivable that Magna could become Canada's largest revenue-producing company. If 1994 revenues do exceed $4 billion, Magna will be catapulted into the top 10.

Mr. Stronach believes the success of Magna is due to the implementation of his management philosophy, known as the Fair Enterprise System. He believes that making every employee a part-owner is key to successful business. That together with making a better part at a better price are the hallmarks of good business. Believing Canada is in economic and fiscal trouble, Mr. Stronach believes positioning Magna as a Canadian trans-national is only good judgment. Speaking graphically, he says: "Magna will not get caught with its pants down if this country goes broke."

Now, entering the global market, Mr. Stronach has moved his strategic and financial headquarters to Zurich, Switzerland to help Magna capitalize on opportunities in the new 320-million-population Euro marketplace. The move also presents Mr. Stronach with better skiing opportunities. Simultaneously he is developing a presence in

Mexico to benefit from NAFTA. His North American head office will remain in Canada.

He is a doer; he likes to make thing happen; he wants them to succeed and he relishes his successes, the accomplishments we know most about.

We know less about his other challenges.

Not afraid to try his hand at life's most dubious distinction, he was a Liberal candidate in the 1988 federal election. While some members of this Club will wonder why such a committed capitalist and entrepreneur would run for such a party, they will be comforted in knowing that he voted "Reform" in 1993.

His volunteer activities have been extensive, but he is particularly fond of the Big Brother organization and Junior Achievement.

His hobby is collecting thoroughbred horses. Perhaps horses are no longer a hobby. As the owner of over 100 thoroughbreds, he was awarded the "Sovereign Award" for being the "Owner of the Year" in Canada for having more winnings than any other owner.

He keeps himself in shape with tennis and skiing.

A family man, he is the proud grandparent of a young boy named Frank and a three-month-old girl, Nicole.

Ladies and gentlemen, would you welcome a man on the threshold of becoming Canada's next great international success story, Frank Stronach.

## Frank Stronach

Thank you Eric and good afternoon ladies and gentlemen.

Before I begin, I would like to set the record straight about comments recently made in the press that I am leaving Canada and moving to Europe.

I want to say that, although business compels me to spend more time in Europe, I have not given up on Canada. My children and grandchildren were born here and live here, and most of Magna's business activities are conducted here. I still believe Canada is one of the greatest countries in the world.

But Canada faces serious problems, and this afternoon I would like to talk about some of those problems as well as some viable solutions.

### Magna Europe—Chairman's New Focus

Magna International is a global company, fiercely engaged in global competition. During the past year we have made a number of strategic acquisitions in Europe, where we see tremendous opportunities for growth.

Prior to expansion, we had already established a small operations base in Europe. Among our original European factories are two we built from scratch in my hometown in southern Austria—the town where I grew up and first apprenticed as a tool and die maker.

I believe Magna's European operations can achieve the same size and level of sales as we presently have here in North America. But I think it is also important to point out that the well-being of our Canadian operation is extremely dependent on our performance in Europe. In effect, success in Europe is crucial to our continued success here in Canada.

### The Global Economy—Adding Up The Costs

There is a great trend today towards the formation of a global economy. That means increased competition. It also means that business has fewer restrictions in locating its operations throughout the world. Whether Canada agrees with this or not is immaterial, because Canada is basically a minor player in the global arena. I may also not agree as a business person, but the fact is I must live with the socio-economic and political decisions which are made by governments.

The primary mandate of business is to make a profit. Profit means money, and money has no heart, no soul, no conscience, no homeland. It flows to the path of least resistance. That may sound harsh, but it is a fact. So in the global economy, business will go where it can make the most money, where the costs of doing business are low.

The automotive industry is a primary example of an industry which is today global in size and reach. The major car companies are increasingly planning their strategies on a global basis. There is a much greater cross-fertilization of technologies and more global design and global sourcing.

As a leading supplier of automotive components and systems, we at Magna must be aware of all the global implications. We must do our homework when it comes to figuring out our costs. Most of our production costs are of a tangible nature. We can calculate the cost of electricity in different parts of the world, for example, or the costs of transportation, education, health care and taxes. One of the less tangible, but equally-important factors, is the cost of government overhead, which government must pay. But if costs are too high, then basic economics dictate that business locates production somewhere else. That is the naked reality of global competition.

### Global Competition—Canada Is Not Prepared

One of my main concerns is that Canada is not prepared for global competition. The plain truth is, Canada is becoming a less and less attractive place to do business. We are too fat and too slow. We are over-taxed, over-governed and over-regulated.

One of the greatest flaws we have in Canada is a tax system that rewards those who purchase government bonds more than those who run the risk of investing in private enterprise. In essence, we have created an environment where we no longer reward those who take business risks.

Let me give you one example.

If you have some money in Canada, why would you go through the trouble to dig a foundation, build a factory, buy machinery, hire employees and cope with a bureaucratic environment when you can just as easily buy government bonds?

We are choking individual initiative. We are strangling the will to work hard and get ahead. And that is a dangerous sign. It is a sign of economic cancer setting in.

The country has become more and more institutionalized and bureaucratized. But institutions do not create products, and bureaucrats do not create wealth. That is something we seem to have forgotten.

### Flaws In Our System—What Can Be Done?

People feel that there are a lot of problems in our system. People can feel in their bones that things are just not working any more. And we have to begin identifying and correcting these problems if we have any hope of regaining our stature as a leading economic nation.

We must take a look at our whole structure: our political system, our tax system and our education system, and we need to modify them in order to improve living standards for all Canadians. If not, our living standards will deteriorate drastically. Over the last several generations, we here in Canada have been too pre-occupied with distributing wealth and in the process we have totally neglected the need to create wealth.

### Multiculturalism

I believe we must also put an end to our government-sponsored policy of multiculturalism. It has fragmented our society and divided us. I came to this country because I heard a lot of great things about Canada. I think it's time that we begin to re-affirm our Canadian values of law and order, hard work and individual initiative. Because of government-fostered multicultural policies, we have strayed from the core values that made this country one of the greatest in the world.

### Our Political System

Many of our problems stem from our political system. The government of Canada—what is really the management team of our country—is unfortunately made up of politicians. And I don't mean that in a cynical way. Politics is unavoidable in any democracy.

But the first mandate of a politician is to be elected or re-elected. The dilemma we face is that government must manage the country but its decisions are driven primarily by political reasoning. It is what I call the Achilles' heel of democracy.

I believe the challenge Canada faces is this: What can we do in order to ensure that the management decisions of government are driven by economics? Because the well-being of a nation ultimately depends upon the strength of its economic fabric.

### Political Solutions—Depoliticizing Parliament

One solution is to reform our parliamentary system. As long as Parliament is dominated by party politics, then this country will always be driven by a purely-political agenda rather than an economic agenda.

We need to abolish the Senate and replace it with a new chamber of democratically-elected citizens. These new citizen members would be people elected by their fellow voters from a list of candidates randomly chosen in the same way we select juries. Citizen representatives would hold the balance of power under this new arrangement, thereby depoliticizing our Parliament. This will allow government to focus more on the fundamental problems of the country rather than on short-term political solutions.

If we do not address this problem—if the country's agenda continues to be driven by political concerns—then the country will continue to falter.

### The Education System

Our education system is another area that needs reform. We are not training and educating our students for the realities of today's workplace. What's more, our schools instill in students a distrust of business. The result is that many Canadians grow up with the attitude that if you do well in business you must be taking advantage of someone.

We must revamp our educational system. We especially need to begin teaching our children how important business is to this country and to the maintenance of our high standard of living. We need to realize that preserving a healthy business climate is as important as preserving the environment or social programmes. Because, in the final analysis, it is business which pays the bills for all of the social programmes and amenities we enjoy.

Students must also realize that it is business which will create the majority of the jobs, and these jobs can only be preserved by remaining competitive. History has shown us over and over again that no government and no union can guarantee jobs. The best guarantee for a job is management and employees working together to produce a better product for a better price. The real key to prosperity and job security today lies in being globally competitive.

### Government Overhead And Spending

Now let's take a look at our government. We must make government more efficient, because the costs of running this country are simply too high. Government spending has gone way out of line. To put it plainly, we are too fat and we must slim down.

We need to begin by reducing government overhead. And that can be done in a civilized way, without taking a chain-saw to the bureaucracy, without turning any group into a scapegoat. It could be done by eliminating waste and by gradually phasing out unnecessary services.

There are a number of areas where we can cut costs. For example, in most foreign countries Canada is represented by federal and provincial agencies in elaborate embassies. But today's communication technology makes it possible that we could significantly reduce the number of overseas embassies.

By simply closing or consolidating many of these embassies we could save hundreds of millions of dollars. And there are many other examples where we could cut billions in government expenditures. In essence, we have to rethink and restructure the way in which government works.

### Our Tax System

Our tax system is not geared toward the creation of wealth. More and more capital is being sucked out of the financial markets and into the hands of governments.

The tax system needs to be completely overhauled. We have to make it much simpler and easier to understand. And we need to make it more efficient. A flat tax, or a sales and consumption tax, would be much fairer and simpler, and would require only a fraction of the present government bureaucracy to administer. But most importantly, we need to make our tax system more conducive to creating wealth.

If you look at the countries today which have high standards of living, such as Germany or Japan, they are countries which concentrate on manufacturing products for export throughout the world. Canada must focus more intensely on how to go about making things and then selling them abroad, and we should use our tax system as a lever for stimulating greater productivity here in Canada. There is no reason why Canada cannot manufacture and export world-class, technologically-advanced products. Magna is a prime example that it can be done, but even for us it is becoming ever more difficult to operate under the present environment in this country.

### The Road To State Enterprise

That, in a nutshell, is the situation Canada finds itself in today.

We have travelled quite a way down the road of state enterprise. I often wish that we could send all our students and teachers to the East European countries to see the damage that state enterprise has done to society. I have seen it first-hand and it is indescribable. It is a pathetic sight to travel through Russia and some of the East European countries—everywhere there is decay and poverty and people that have been institutionalized from the cradle to the coffin. It's a glimpse of what lies in store for us here in Canada unless we are able to change our present course.

We need to begin reversing the dangerous trend in this country of increased government bureaucracy. Just as an example, when Magna builds a factory in the United States, the approval process can take as little as four weeks. Here in Canada, it often takes two years. In the United States, governments are more responsive to eliminating red tape, thereby reducing the cost of doing business. But in Canada, governments can stifle business with regulations and studies and delays. I often say that in the United States, when a new business comes to town they roll out the red carpet; in Canada, they roll out the red tape.

It is utterly inconceivable, in a country which has double-digit unemployment, in a country where businesses are closing down and leaving, that our various levels of government are not doing more to remove obstructions which prevent the private sector from creating jobs. Of course care and consideration must be given to matters such as the environment. But our governments need to realize how vitally important private enterprise is to the functioning of society.

### Minimum Social Standards

I believe it is the duty of every democracy to re-affirm the minimum standards of a civilized society. In a civilized society, every citizen should have access to health care, food and shelter. There is a major difference between a country which provides social programmes for those in need and a country where the state controls the economy and regulates the lives of its citizens.

But we in Canada must re-examine our social programmes in order to make them more efficient. If you have the means to pay for services such as education and health, then you should pay your fair share. In other words, universality as we know it in Canada no longer works.

## Where Does Canada Go From Here?

Now that I have outlined some of this country's major structural problems, the question naturally arises: Where do we go from here?

In my opinion Canada has a window of five or maybe seven years to correct these major problems, because if we do not fix the problems, this country will inevitably go bankrupt. These are the laws of economics, and they are stronger than any politician or Parliament.

Unless we begin to address the fundamental structural flaws I have highlighted, then it is inevitable that we will experience increased social problems. Crime will rise dramatically and poverty will spread. That is why I am so deeply concerned about the state of our country today. I do not want to paint an overly-pessimistic picture. If anything, I perhaps have not stressed enough what I believe is the real gravity and urgency of the situation.

## Conclusion—Ensuring Canada's Prosperity

But if Canada enacted changes of the sort I have mentioned; if we revamp our education system and depoliticize our Parliament; if we cut the fat out of government and establish a fair and clear-cut tax system; then we could transform from a country burdened by excessive government and bureaucracy into one of the most progressive and prosperous countries in the world. Money and capital would begin flowing back into this country instead of flowing out. By tackling some of the problems I have outlined, the country could become more efficient and productive, and the national debt could be eliminated in a relatively short period of time. We would develop a sound economic environment that would allow us to take care of all those who, for one reason or another, cannot take care of themselves.

In short, we need to move away from the priorities of politics and toward the reality of global economics. Therein lies the promise of prosperity.

## Appeal To The People Of Canada

I urge everyone—all Canadian citizens—to work at reinforcing the economic fabric of our country. Because that fabric is unravelling at a pace much quicker than many people realize. And it would be a shame to watch this great country slide into poverty without fighting to save it.

I still have hope. There is still time to change our course of action. I often get criticized for being outspoken. But I love this country, and I would be remiss if I did not stand up and speak out for what I think needs to be done.

Thank you very much.

The appreciation of the meeting was expressed by Tom Wells, President, T. L. W. Consulting and a Director, The Empire Club of Canada.

February 24, 1994

# Dennis Timbrell

President, Ontario Hospital Association

# WHAT IS HAPPENING TO HEALTH CARE IN ONTARIO?

Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

### Head Table Guests

Willis Blair, Secretary, The Empire Club of Canada; The Rev. Tim Elliott, Minister, Christ Church Deer Park; Dr. Bev Richardson, Chief of Medical Staff Affairs, Women's College Hospital; Peter J. Harris, Chair, Ontario Hospital Association; John H. Tory, Partner, Tory Tory DesLauriers & Binnington and a Director, The Empire Club of Canada; Penny Thomsen, Executive Director, Canadian Cancer Society, Ontario Division; John Bitove Jr., President, Toronto's NBA Franchise.

### Introduction by Dr. Jackman

Talking about health-care reform during national budget week is, of course, a golden opportunity to let the world know that when it comes to health care, more money is better than less. In Ontario, for three years now there have been systematic cutbacks in funding our hospitals. As Dennis Timbrell said to the Ontario Legislature's finance committee "At what point does medicare crack?" "I've been told by health-care providers," he said, "in some parts of the province that soon they will not be able to look people in the face and assure them they'll be receiving quality health care."

Hospitals are closing beds and services; some hospitals, especially in Northern Ontario, are just about closed. Diagnostic equipment is insufficient. Regarding doctors, there are too many, or too few, depending on where you live in the province. It would be easy to cry and lament our sorry state, but if I know Mr. Timbrell, that is not his style.

Mr. Timbrell is a pragmatist and he will work with the realities. I know he will talk today about how we can and should reform health care given the resources that are available.

Well, there is probably no one in Canada who can turn a pleasantly pragmatic approach to turmoil into solid success better than Mr. Timbrell. That this is true, he has demonstrated over and over in his career.

Born and educated in Kingston, Ontario, and Scarborough public schools, he chose a career as a teacher. Graduating from Toronto Teacher's College and York University, he taught junior high for three years. Then he went into politics.

One always wonders when a person changes career goals if one has failed in the former or excelled beyond expectations. In any event, Dennis Timbrell decided to throw his hat into the ring of North York city politics.

He was elected as alderman in 1969. Spotted as an up and comer, and with his interest turning to provincial issues, he ran in the provincial riding of Don Mills for the Progressive Conservative Party which he won and he kept for 16 years (1971–1987). In 1971, he was then the tender age of 25. By the age of 27 he became the youngest person to hold a cabinet post in Ontario history with a record that stands to this day. He impressed so many with his humane leadership qualities that he was chosen to receive a Vanier Award as one of five outstanding young Canadians (1975) by the Junior Chamber of Commerce.

Now I would ask the audience to please bear with me, as the list of distinctions I am about to read, is sufficiently long to be not only impressive, but also, excuse me, a touch tedious. Dennis is a political winner, victorious in the elections of 1971, 1975, 1977, 1981 and 1985.

And then, in succession, he became Minister of Energy (1975–1977), Minister of Health (1977–1982), Minister of Agriculture and Food (1982–1985), Minister of Municipal Affairs and Housing (1985), Minister Responsible for Women's Issues (1985) and Provincial Secretary for Resources Developments (1985). I think, sir, that you have held so many ministries that someday you should receive an honorary doctorate in theology.

Mr. Timbrell is a strong family man. Dennis' wife, Janet, in all due respect, seemed to keep pace with every change of ministry by celebrating the event with another baby. Now, parents of six children (two boys, four girls) they have a healthy and active family life.

After the fall of the Davis and Miller governments, Dennis Timbrell moved across the aisle to sit as a member of the Tory opposition. When the Honourable Bill Davis, and then the Honourable Frank Miller stepped down as leaders of the Progressive Conservative Party, Dennis attempted twice, both in January and again in November of 1985 to become leader. It has been said that the last person David Peterson wanted to have to run against was Dennis Timbrell. Well, David got his wish; Dennis didn't.

Between 1985 and 1986 he performed as House Leader of Her Majesty's Loyal Opposition.

Entering private corporate life, he soon joined the Ontario Hospital Association as its President. He also serves on the board of Ontario Blue Cross as well as holding other corporate directorships.

Now, this is a year of anniversaries. You all know, from the banner behind me, that The Empire Club is celebrating its 90th year. Also, acknowledging, if not celebrating, their 70th anniversaries are the Ontario Hospital Association and what is now known as our Ontario Ministry of Health—both established in 1924. Both have been around for a long time.

Please welcome the only person to have headed both the Ontario Ministry of Health and the Ontario Hospital Association—Dennis Timbrell.

## Dennis Timbrell

Many of you are aware of the Ontario Medical Association's recent advertising campaign. That Ontario's doctors feel the need to communicate to the public about the social contract and its potential impact on the users of medicare is indicative of their growing frustration with the state of our health system.

They are not alone. In Thunder Bay, confusion surrounds a District Health Council report recommending the city's four hospitals be reduced to two, or even one on a new site at a cost in excess of $200 million. In Huron

County, physicians have issued an ultimatum demanding payment from hospital budgets for providing emergency services, or else they will withdraw on-call emergency services. In Ottawa, rumours persist that two of the city's hospitals will be closed. Here in Toronto the Metro District Health Council has initiated a hospital restructuring project to re-examine how hospital services are organized and delivered in Metro. This could well result in the merger or closure of some hospitals. The fact is, there is not a community in Ontario that doesn't have some controversial health issue on its plate.

Is it any wonder then, that as I travel around the province, I am asked "What is happening to health care in Ontario?" It's a good question. Governments describe the situation as reform. Health planners and others use the term restructuring. But, I'll wager many of the public feel that what is happening is deterioration. That's not strictly true, but the picture is confusing. This afternoon, I will try to make that picture clearer.

I have to explain the changes taking place in health care from the hospital perspective. As well, I will describe what the future could look like. Most importantly, I will outline some of the obstacles hospitals face in getting from today to the future.

My main message is that all of us—hospital trustees and CEOs, doctors, health-care professionals, hospital employees and the public—can come through the current situation successfully. This is by no means—nor does it have to become—an impossible situation.

But we do need government to get its act together pretty quickly. We need government to clearly articulate its goals and expectations, and then back off and let hospitals manage and provide care.

At the outset, I want to say I fear planners in our Ministry of Health regard this current restructuring process as something that has a beginning and an end. It doesn't. Health reform is a continuum of evolution and progress that started when the first nun provided health care to the first farmer or trapper more than 350 years ago in New France. Change has been, and always will be with us, especially in our health-care system.

Tuesday's federal budget and the freeze on transfer payments simply adds further urgency to the task we face. Ontario Minister of Finance Floyd Laughren has sent warnings that further cutbacks in provincial expenditures will be required, particularly because of the absolutely bizarre scenario which is unfolding across Canada regarding taxation of tobacco products.

Let me say that the changes taking place in health care mirror changes taking place throughout the entire economy of Ontario and Canada. Like corporations in Canada and throughout the world, those of us in health care are dealing with strained resources and ever-increasing demands. This compels us to seek greater efficiencies and continue to eliminate duplication wherever feasible.

As well, health consumers are changing. The elderly, as a percentage of the overall population, are increasing. With the increase comes a higher incidence of degenerative disease. So the nature, complexities and costs of health services are changing to accommodate changing health needs.

Technology plays a commanding and ever-increasing role, just as it does in the private sector. Year after year, new drug therapies and technological advances are revolutionizing the way we provide service. Procedures that used to require lengthy hospital stays can now be performed on an out-patient basis. In some cases, drug therapy has replaced surgical intervention altogether. And the pace of change quickens as more advances are made.

So our employees need to continually learn new skills while, at the same time, the work force is being reduced through the restructuring process. In 1992 hospitals reduced paid hours in the system by 10 million hours, or about four per cent. I expect 1993 to show at least as large a reduction again.

Whether you are from King and Bay Streets, or Main Street, East York, this must sound familiar.

Finally, it is becoming increasingly difficult to find the money to make necessary capital investments in current technology and up-to-date facilities. But this must be done, to maintain quality along with access to necessary services and care as more beds close, more reductions in staffing occur and demand for service remains high.

In short, like the corporate world, the entire business of health care is changing in ways that could not have been predicted a few years ago. And as it continues to evolve, hospitals will continue to adapt and do things even better and even more effectively. We must work smarter. And we are.

Day-surgery cases as a percentage of all surgery have risen from 53 per cent to 70 per cent in just two years. In the same two-year period the average length of stay in hospital has decreased from 8.7 to 7.2 days. A one-and-a-half day, or 16 per cent reduction in the average in-patient stay is significant when you consider the cost of in-hospital stays.

Hospitals have already reduced the number of acute hospital patient days of utilization per 1,000 of population from 1,100 in 1988 to just over 800 in 1993. This represents a 27 per cent decrease, at a time when the actual number of acute cases treated in the system rose by a full eight per cent. In fact, there are some hospitals which have reduced their acute-care-patient days to well below 600. Stratford, Newmarket and Belleville are three examples that come to mind.

Perhaps the largest single similarity between what is happening in health care and what is happening in private industry is our mutual focus on the customer, or in our case, the health-care consumer. This determination to measure what we do in terms of consumer or patient satisfaction, and in terms of outcomes, is a touchstone for us. It ensures that quality is the key to all our processes.

And quite frankly, we understand that some processes and treatments, that are, at this moment, simply glimmers on the horizon, will replace major components of what we do today.

In short, like the private sector, we are constantly in search of defining and shaping our future.

To help us on our quest, last year we began a task aimed at defining the hospital of the future more precisely. We call it the Hospitals of Tomorrow project. We started the project with broad-based consultation with hospital managers and trustees, community-health agencies and health-care professionals. This is ongoing.

What we have confirmed is that our members, your Ontario hospitals, do indeed clearly understand and accept the many factors which create the need for change. They also accept the responsibility to help make it happen.

Participants indicate the patients whom hospitals of tomorrow will serve will likely be different again from those of today. Evolving technology will lead to patients being increasingly cared for in non-institutional settings, many of which will be operated by, or in concert with, hospitals. Advances in less-invasive surgery will enable more patients to return home in a matter of hours rather than days. And progress in outcome measurements will lead to even more effective treatment choices, leading to even fewer admissions, lower lengths of stay for many, even fewer acute beds than we have today and further reductions in the number of employees.

Many more procedures may be done in a community-care facility, or even in the home. As a consequence, many believe that hospitals will serve many more patients who are sicker, and have more acute problems, than is the case today.

So, while there will be fewer in-patients and fewer beds, the cost per in-patient will increase, not decrease. Technological advances will mitigate the cost to some extent, but the net result is expected to be a higher cost for each patient served. Among other effects, these changes will require new funding mechanisms and efficiency standards.

It is also recognized that these developments will result in a continued rationalization of the existing hospitals and hospital networks, and also significant role changes among professionals in the hospital and outside.

It can be a promising future. But it is going to take some doing to achieve this vision without suffering serious dislocation, the emergence of gaps in service, or even a decline in quality of care. Those are the things hospitals fear. Those are the things hospitals are determined to guard against.

Let me give you a glimpse of the problems that confront us in our change process. We know that the emphasis in the system must shift away from the treatment of disease to prevention. Who can argue with that? Surely we don't have to be reminded of the huge advances in health made in this century.

But as a corollary, some say everything that is institutionally-oriented must be bad and everything that is so-called "community-based" must be good. One represents treatment, the other prevention, as if the day will come when treatment will no longer be needed. One is costly, the other cost-effective, though an apples-to-apples comparison is seldom provided to support such claims. One is the past, the other the future.

These are the extreme—the simplistic and false generalizations that limit debate and prevent creative change. We have to get beyond this point.

The development of our health system has been a sometimes arduous journey. Part of the problem is the number of hands on the wheel. The ministers, and the bureaucrats, both federal and provincial, physicians, other practitioners, unions, community groups, and of course, hospital boards and CEOs all have their own perceptions and needs.

We must recognize that this competitiveness, in and of itself, can be one of our great difficulties. In this environment, the competitiveness that has served corporate Canada so well, can sometimes interfere with the effective provision of health care. Here, we in health care, part company with the private sector.

In the hospital sector, competition contributed to the development of a first-class system in Ontario. Hospitals, communities, even neighbourhoods, sought the best specialists, most modern facilities, and the most up-to date equipment. This served Ontario well in an earlier phase of our system's development. But in recent years, as needs changed, technology changed, treatments changed, and as government resources were curtailed, hospitals curbed competitiveness to seek co-operative strategies.

Let me give you a few examples. In Windsor where there are four hospitals today, one agreed merger and another set of merger talks are leading to the creation of two hospital entities with a wide-range sharing of services, concentration of programmes and integration of planning. The hospitals started this process in 1991.

The hospitals led the way, and the hospitals are making it happen.

Last fall, a new hospital opened in Timmins which consolidates services previously provided on three sites. Here in Toronto, six west-end community hospitals coordinate planning and service delivery and today are examining the potential for consolidating laboratory services and a number of other services. Other examples can be found in many communities such as London, Peterborough, Guelph, Sault Ste. Marie, to name just a few.

Hospitals are proving they can do the job as they have done in the past. In the late 1950s when government wanted to introduce hospital insurance, it turned to the Ontario Hospital Association and its members to develop the programme. And they did that successfully until the early seventies when it was incorporated into the newly-structured Ministry of Health. Today when the system needs re-building, hospitals can again be counted upon.

Our goal must be achieving better outcomes at lower cost for the benefit of all Ontarians. But to achieve this, hospitals need the co-operation of government. With tighter and tighter control by the Ministry of Health, hospitals run the risk of becoming nothing more than 222 more units of the Ministry.

There seems to be a tendency for some in the Ministry to want to micro-manage the hospital system—to intervene on an issue by issue basis.

Government should know better. Set the funding. Set the parameters. Define what is needed. But let boards govern and let managers manage. We are supposed to have a system of socialized health insurance in which the insurer—government—is expected to define clearly what they want to buy for the insured—all of us—what they are prepared to pay for it and then let the providers get on with their jobs.

Great care must be taken to ensure the management tools that hospitals need are not whittled away by the imposition of unclear and unreasonable planning conditions; or by the social contract; or by unrealistic deadlines imposed by the Ministry; or by the imposition of programmes which are felt to be politically necessary, but prove difficult to absorb with practicality, on top of all the other changes that are being accommodated.

Wave after wave of policy direction has hit hospitals in the last few years.

This is a new priority. That is a new priority.

Send us your operating plans tomorrow.

Send them to the District Health Council yesterday.

Your budget increase is x per cent.

Sorry it's a decrease of y per cent.

No, it's now the social contract.

Some consistency from government is essential.

As well, health-care reform can't simply become a euphemism for deficit control. Hospital workers on the front-lines resent being told by bureaucrats that their work is unnecessary or redundant, and that therefore massive savings can be extracted from the system to help deficit reduction.

These are the people who want nothing more than to render the highest quality of care that they can. They are the ones who have to treat patients in corridors, not the bureaucrats.

I make that statement on behalf of the doctors, nurses, managers and other front-line workers who are tired of being abused by the rhetoric of health-care reform. And I make that statement to point out the need for a more co-operative approach among all stakeholders.

Workers have a right to be concerned. Who can say at what point access to health care is threatened? We have taken over 6,000 acute beds out of service in Ontario in the past six years—the equivalent of six Toronto general hospitals. As I mentioned earlier, part of this has been accomplished through working more efficiently. Part has been enabled by new treatment modalities. But part has also been a response to constrained resources. So hospital workers fear that hasty or unplanned change could lead to the creation of a two-tiered system. That the dignity of patients could be put at risk. That is something all of us should fear.

Change, which should be a constructive force, could prove destructive if not managed appropriately. For example, in some areas we may be on the verge of repeating the mistake made two decades ago when Ontario introduced regional government in the province.

Let me elaborate. It has been suggested that more efficient health care can be found by giving District Health Councils the power to allocate funds among hospitals and other health agencies, and eventually even community-based agencies. It is said such a regional approach would ensure the elimination of duplication, achieve economies of scale and improve access and the continuity of care.

One such new bureaucracy, or a version of it, may be proposed for Windsor and Essex County at a rumoured cost of $2 million per year. That's what it costs to pay about 50 front-line hospital workers for a year.

There are striking parallels to today's arguments in support of the regionalization of health-care planning and service delivery, and those used to advance the concept of regional government in the 1970s. Efficiency is most often cited, followed closely by better co-ordination of services.

As a former minister of a government that introduced regional government, I remember hearing those same arguments. One of the major reasons regional government was not widely embraced was that local municipal governments were felt to be closer to the people and more favoured by them. Ontarians rejected another layer of bureaucracy and the perceived loss of their local municipal identity.

It seems the farther a government is removed from the local community, the more voters see it as being out of touch. The same is true in health care. The strength of our hospital system lies in its proximity to its community. In every case across Ontario, local hospitals were built, and for many decades funded, through the voluntary efforts of the community which they serve. The hospital in which I was born was 120 years old before government-funded hospital insurance came along!

Almost 4,000 community representatives sit on the boards that govern our hospitals. You cannot draw a line between where the community stops and the hospital begins. While this is certainly true in the smaller areas of the province, it applies equally to urban settings where hospitals form part of the social anchor of a neighbourhood or municipality. The community hospitals throughout Metro Toronto's neighbourhoods are an example.

The moment another layer of administration is imposed on top of local health agencies, including hospitals—no matter how well-intentioned the effort—that is the moment that local people will begin to lose touch and confidence in those same facilities. They will lose confidence in their ability to control that local service.

Perhaps it is time to consider a different approach altogether. Perhaps it is time to re-think the role of District Health Councils. Do we really need 32 of them? Do all the members have to be appointed by the Government? DHCs must not be used as a shield, or buffer, between the Ministry and health-care providers.

If a regional decision-making model is desirable, then the Government might consider a different form of decentralization and regionalize the Ministry of Health—a model that creates openness and accountability for those in the Ministry of Health who are ultimately responsible to all of us—the health consumers, the taxpayers, and the electors of Ontario. This would bring services closer to customers. There might be significant savings to government as a consequence. There might be regional economic benefits, too. Of course, new mechanisms for consumer input would need to be found. But most of the other 20-odd ministries cope without DHC-type bodies.

Some in the District Health Council community will be quite upset by this idea. But remember, I founded a large number of Health Councils, including the Metropolitan Toronto District Health Council, when I was Minister of Health. I'm not anti-DHC—quite the contrary. One of the problems I see is that they are now seen as agents for and of the Ministry—even apologists at times. After 20 years, they still do not have a legislative mandate. That is, they still exist at the pleasure of the government and minister of the day. It seems to me the role of any planning body should be to give objective advice—including telling the Ministry when it's wrong, or when its directions are unclear or totally lacking. But for some reason it isn't happening enough to give confidence that the health needs of all parts of Ontario are being planned for appropriately.

Ladies and gentlemen, the great American poet Robert Frost spoke of the choices one makes on life's journey saying of the two roads that diverged in a yellow wood, that the one chosen "has made all the difference." We must be very careful on our health-care journey to ensure the road we choose makes the right difference. We must be careful to ensure we reform our system while preserving the best of what we have.

So this afternoon, I am making a number of appeals to my fellow travellers.

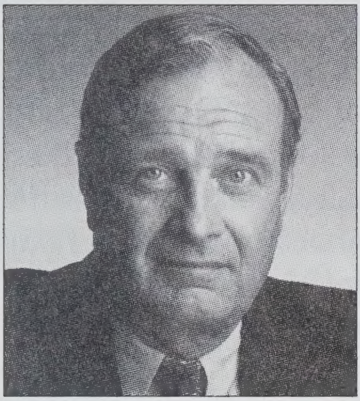
To hospitals I say you must lead in the reform process. I think hospitals have only 18 months or so to achieve major realignments given Ontario's and Canada's fiscal dilemma. Hospitals have the skills and the resources to make real change happen the right way. Open your institutions to the idea. Contemplate new roles. Contemplate new alliances and structures. Understand the urgency. But always be guardians of quality.

To health professionals and all health workers I say that the public has enormous confidence and faith in you. Respect that trust by making this transition work.

To the public I urge active involvement. Your expectations need to be known. And the limitations facing health-care delivery have to be understood.

Finally, I say to government, hospitals understand the job that has to be done. Now let them do it.

The appreciation of the meeting was expressed by John H. Tory, Partner, Tory Tory DesLauriers & Binnington and a Director, The Empire Club of Canada.



March 1, 1994

A joint meeting of The Empire Club of Canada and The Canadian Club of Toronto

# The Hon. Paul Martin

Minister of Finance

# POST-BUDGET ADDRESS

Chairman: **Isabel Bassett**
President, The Canadian Club of Toronto

**Head Table Guests**

F. L. R. (Eric) Jackman, President, Invicta Investments Incorporated and President, The Empire Club of Canada; Gerald W. Schwartz, President and CEO, Onex Corporation; Kathryn Robinson, Partner, Goodman & Goodman; David Dodge, Deputy Minister of Finance; Keith Patterson, Partner, Deloitte & Touche and a Past Director, The Canadian Club of Toronto; Heather M. Reisman, President, Cott Corporation; Richard E. Venn, Chairman and CEO, Wood Gundy Inc.; Lyn McLeod, Leader of the Official Opposition and Leader, Ontario Liberal Party; John A. MacNaughton, President and CEO, Burns Fry Limited and Past President, The Empire Club of Canada; Father Paul McGill, Pastor, Holy Rosary Church; Marcia McClung, President, Applause Communications and a Director, The Empire Club of Canada.

**Paul Martin**

First of all, I would like to thank you for the invitation to speak to you today.

Addressing a joint session of the Canadian and Empire Clubs has become almost a tradition for finance ministers who have tabled a new budget. I am delighted to continue in that tradition—although I have to tell you there are some other traditions involving what happens to used-up finance ministers that I would just as soon dispense with.

Four months ago, a new government was elected, with a very clear mandate from the Canadian people. That mandate simply put, is one of restoration and renewal.

- Restoration of fiscal responsibility for the public finances of our country.
- Renewal of the Canadian economy—a strategy for jobs and for growth.

Last week we put forward a budget which acts on that mandate. For years, here in Canada as elsewhere, as you know well, governments have been promising more than they can deliver—and they have been delivering more than they can afford. Our commitment to Canadians was to put an end to that practice—and let me tell you we're going to do just that.

Canada is now one of the lowest-inflation countries in the world. We're going to stay that way. As a country, we have also met the monetary challenge. With this budget, I believe that we begin to meet the fiscal challenge as well.

Let me be very clear. Our goal is to eliminate the deficit. Our interim target is to reduce it to three per cent of GDP by 1996–97. And this budget puts us on course to meet that target. We will reduce the deficit to $39.7 billion in 1994–95; to $32.7 billion in 1995–96; and, with the help of only moderate economic growth, to $25 billion in 1996–97.

Now, I understand full well that for a finance minister to stand up and say that these targets represent a great success is horrifying. And it is. It demonstrates the extent to which, as a country, we have allowed ourselves to become indebted. But it is important to establish realistic targets if we're going to attain the ultimate goal.

It is also important to understand that we will arrive at this $25 billion deficit as a direct result of the actions contained in this budget in and of themselves. Our basic premise when we started was we wanted the deficit ratio of three per cent of GDP to be secured by the cuts in this budget—not dependent on a subsequent budget. That's what we wanted, and that's what we have done.

There is more deficit reduction in this budget than in any but one in the last 10 years. And in that budget—the sole exception—80 per cent of the action involved raising taxes. In this budget, 80 per cent of the action involves cutting government spending. And that's what Canadians asked us to do!

Now some people have expressed disappointment that the deficit for the first year is not lower. My mother-in-law is one of those people. I understand her disappointment. And I share it. However, the reasons we cannot bring the deficit down faster are quite straightforward.

First of all, there is a lag time before the full effects of government spending cuts show up on the nation's books. For instance, if we decided—as we have done—to radically reduce subsidies to industry, we first announce that action in a budget. But consider an individual corporation that receives a million dollars a year over five years. The decision we announce today means the ultimate effect of the cut is only going to show up at the end of that period.

The same thing happens when changes—for example, in unemployment insurance—require formal legislation. Most of the spending cuts we are staking out will have to be legislated and go through the entire parliamentary process. This means they will not come into effect before late spring or early fall—and so the benefit of the cuts will be lost for a good portion of the fiscal year.

On the other hand, if we had decided to reduce the deficit by increasing taxes, the results would have been much more immediate. However, as you know, taxes in Canada are already too high. Indeed, it is our ultimate objective to bring them down. Our goal is not to increase the burden on taxpayers; our goal is to decrease the burden of government. Canadians are in a state of tax fatigue.

To broadly raise taxes now, at this stage of the economic recovery, would do little else than deliver a broadside against jobs and against growth. That is not where this government is coming from. This is why in this budget, over the next three years, for every one dollar raised in new revenues, there will be five dollars in cuts of government spending.

There is a second reason as well why the deficit is not lower in the first year of our three-year strategy. And that is, we have carried through on all of our election commitments, including a $2 billion infrastructure programme. And every single initiative in the Red Book is fully funded up front.

There is a good reason that we have done this so very clearly. It is the only way, as a country, we're going to get rid of the terrible cynicism that exists about politicians and the political process. Politicians must deliver after their budgets and after their elections what they said they will do beforehand.

And then there is a third reason why the action of the first year does not lower the deficit immediately as it might. That is, we have scrapped many of the practices of the past.

In previous years (and this goes back even before the past decade) governments would set targets based on rosy projections in order to look good initially—only to fail eventually. That did not help the credibility of the nation's finances. And one of the purposes of our exercise is to restore that credibility. We believe it is more important for us to hit a target than to declare an illusion and then fall far short. Therefore our budget is based on prudent economic assumptions.

For 1994, we project nominal growth in GDP of 3.9 per cent, rising to 5.2 per cent next year. We expect inflation to average below one per cent this year, rising to 1.3 per cent the next. And our assumptions on short-term interest rates are 4.5 per cent this year and five per cent the year after. In each case, these assumptions are in the pessimistic range of private-sector forecasters across the country. We believe that is a responsible way for government to act.

Next, this budget provides a full accounting for all programme costs. There is nothing hidden, nothing left out.

If that sounds like a surprising statement, let me simply tell you a couple a things. We have provided in this budget for $1.7 billion in assistance for the Atlantic groundfish industry. This is not a new problem and the previous government had committed to support Newfoundland fishers through this difficult transition. But the fact is, in their last book of accounts, there is not one penny provided for the fisheries—even though everybody knew that the money had to come.

It was the same with the recently-concluded GATT negotiations. There was not one penny budgeted by the previous government to make up for the loss of government revenues resulting from the drop in tariffs following GATT. But our budget fully accounts for this. And we are going to set a new standard for accounting for the nation's finances.

Finally, we have not off-loaded onto the provinces by unilaterally changing the structure of federal-provincial transfers. We firmly believe that the two levels of government must approach their respective challenges through co-operation.

We are encouraged by the fact that, throughout the land, there is an unprecedented consensus today—both nationally and provincially—on the need to bring deficits down. Strong action is being taken right across the country, and this will have a significant impact—not just on the federal deficit, but on the national deficit over all. And that, in the end. must be the ultimate goal of all governments. There are not two deficits in this country: There is not a federal deficit and a provincial deficit. There is one deficit. International money markets understand this, and it's about time that the government of this country begins to do so as well.

Now, some people have said that we should have simply cut spending by five per cent—Preston Manning says six per cent—across the board. Well, first of all, in a number of areas, we've gone well beyond that. But let me tell you, it doesn't take long after you've seen the books to realize that simplistic approaches like this may make good political speeches, but they don't deliver results.

First of all, that is what the previous government did—to no avail. The "death of a thousand knives" simply postpones the inevitable. What is required, given the condition that we're now in, is an in-depth calling into question of entire programmes to see if they are needed—to see if each is, in fact, the way we should be delivering services to Canadians.

Furthermore, we do not believe that sustained success lies in just treating symptoms. What is required is root and branch reform. We are closing military bases and reducing other elements of defence infrastructure, setting the stage for a more modern and effective Canadian Armed Forces. We are reforming our Unemployment Insurance system, in order to make it more effective, more fair, and more affordable. We're reforming it so that it becomes a programme that builds bridges to work—to independence, not dependence.

Our goal is not simply a deficit of three per cent of GDP. It is to eliminate it! Our goal is not simply a temporary blip in UI numbers. It's to put Canadians back to work! And to meet these goals, simply "cutting at the margins" or "nibbling at the edges" just isn't good enough!

What we have to do as Canadians is to rethink the role of the state. And that's what we are doing. When our reform of UI is in place, it will be the most in-depth change since 1972. The change in our military posture will be the most significant since the end of the Second World War. It's no coincidence that that's where we started. That's where we had to start if our goal was to be cost-effective government.

Nor is it any coincidence that we want to review this year the sustainability of the pension system. It's the sword of Damocles hanging over the heads of everybody in this room under the age of 45.

Nor is it any coincidence that we have given notice of the need to reform the federal-provincial social security system—to build in (as Lynn McLeod has said) more fairness. We believe that we cannot right the wrongs of the past, but we can design a new system that would be more effective and less costly.

We have given ourselves and the provinces two years to succeed. And have set out the minimum savings that must be achieved. These are not empty promises. This is reform that is going to happen. There are due dates. There are deadlines. There are firm fiscal targets.

We are doing this not simply to cut spending. We are doing it because Canada needs a new architecture for a new economy on the verge of a new century. But in the end the result is also going to be to get the financial monkey off our backs. And that is going to be one of the legacies of this government to its people.

Restoring fiscal responsibility and building responsible social programmes are two key aspects of our budget. And then there is a third area—that is, putting in place a strategy for economic growth and renewal.

In this budget we take a variety of steps to address the needs of small business—the vital vehicle for jobs today and in the future.

Small business does not want—and you know this as well as I do—another government programme. What they do really want is for government to get off their backs, and let them get on with creating jobs and making money. And we're doing that.

We are removing useless red tape. We are accelerating regulatory reform. We are going to make our federal sales tax easier for small business to administer. We are taking steps to improve the access of small business to capital. And we are going to reduce their tax burden!

One of the major initiatives of this budget was to lower payroll taxes for business—rolling them back now, with the prospect of even further reductions in the future. Payroll taxes are a cancer on job creation. Our reduction in unemployment insurance rates this year will result in business saving over $300 million per year, money we would expect businesses to re-invest in job creation.

Finally, we are overhauling our entire effort at research and development. The Canadian government spends over $6 billion a year on R&D. Yet the payback is infinitesimal. The problem is, we don't have clear priorities. We haven't focussed on areas of Canadian advantage—areas where the markets and the jobs will be found.

We're going to change this—through a new long-term space plan that we announced in the budget; through a strategy for the information highway; and, most importantly this year, through a comprehensive study of science and technology to set up the priorities, purpose and the vision.

Now some people have pointed out that at the same time as we are taking these actions, we've also had to cut a number of projects: the KAON Accelerator in British Columbia and the International Space Station (which affects some here in Ontario). And I know there are people in this room who regard this decision as a bitter blow. But the simple fact of the matter is, projects like the Space Station and KAON are too expensive for us to pursue.

This does not contradict our deep commitment to science and technology. Quite the opposite. Given our country's fiscal condition, we have to make sure that investments by government represent the most effective use of public funds. And tough choices have had to be made.

These are the motivations behind the budget numbers. Our budget looks at the long-term, not just the short-term. We are addressing the whole, not simply focussing on the pieces.

And we're moving forward on all fronts—on deficit reduction, on social reform, on economic renewal. And we're doing so because we believe that success on any one front really requires success on all fronts. In other words, each is inter-related.

The responsibility that you and I share today is to build the kind of Canada Canadians want.

- A Canada where government facilitates adjustment to change rather than blocking it.
- A Canada that leads in technology rather than leaning on the technology of others.
- A Canada where our financial house is in order, not in ruin.
- A Canada where every Canadian who wants a job can find one.

That in essence is the kind of Canada this budget seeks to build.

We are now about to begin the discussion period and I look forward to it—not only discussing the budget that we just sent out, but I also hope that we can discuss the budget that will be coming down in a year. If somebody had followed all the pre-budget consultation conferences this January, I think that probably they could have written 75 per cent of this budget. My goal is that for the coming budget, somebody who did the same thing could sit down and write 100 per cent of that one.

I think budget secrecy is nuts! It is archaic and bad public policy. I do not believe, and a just government should not believe, that the budget should be the beginning of debate. Rather, it should be the culmination of debate over the course of a year, in which the country says the kind of things it wants to do.

In the discussion we're about to have, there are people in this room who may say that we have not done enough, and those who will say we have done too much.

But for those who think we should be spending more money, the thing I ask of them is to tell me where that money should come from.

To those who demand more cuts, I ask them to tell me the extent to which that action will affect growth, will affect jobs and the most vulnerable in our society. I also ask them to tell me exactly where cuts should be made—because the debate in this country has now progressed too far for us to be any longer content with vague generalities.

I feel very confident about our future as a country. You don't have to spend much time at a G-7 meeting with other finance ministers to realize just how good our numbers are—how lucky we are.

Reaching our destination is not going to be easy, but the journey has just begun. The game plan is in place, the goals are clear and, let there be no doubt about it, we are going to succeed!

Thank you very much.

The appreciation of the meeting was expressed by Frederic L. R. Jackman, President, Invicta Investments Incorporated and President, The Empire Club of Canada.

Mr. Minister, Paul Martin, honoured head table guests, ladies and gentlemen:

First, Mr. Martin, we all appreciate your sincerity and openness in the earnest way you have presented this address and question-and-answer period. We are also grateful that you are continuing the long tradition of presenting the post-budget address to the members and friends of our two great public-speaking forums.

As a token of appreciation from The Empire Club of Canada, I would like to present you with last year's edition of all of our distinguished speakers. You will note that your address today will appear in the space that was formerly reserved for Michael Wilson or Don Mazankowski and other finance ministers before them.

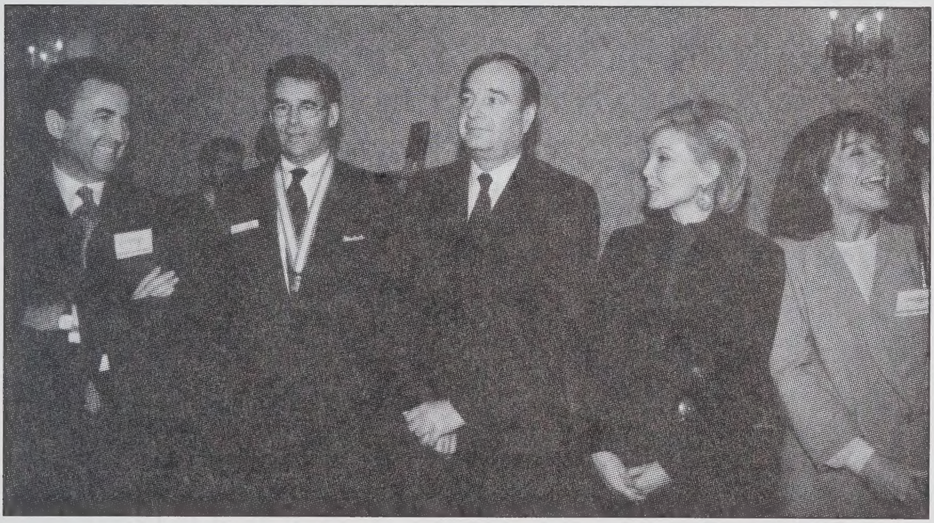
We all commend you for offering yourself to provide leadership to Canadians. Too often politicians are criticized and rebuked. The Globe and Mail editorial (February 25, 1994) accused you of "cheap tricks for tawdry ends" in your calculation of the $45.7 billion deficit for 1993–94. Bob Rae called the budget "crummy" and Canada's No. 1 deficit buster out in Alberta—Ralph Klein—says your budget is "mostly words."

Well, we now place our hope in you—we have to. We hope that you may provide the judgment and direction that earns the confidence of Canadians in the leadership of our government. We wish you good luck.

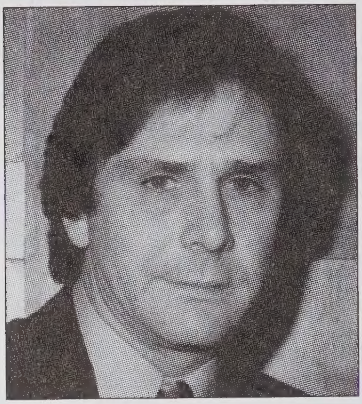
On budget night last Tuesday, we also saw the winning of two Olympic medals for Canada—a silver for the women's 3,000 metre speed skating and a bronze for Marc Gagnon in the 1,000 metre.

At the same time, two economists (Warren Jetsin and Aaron Gampel) over at the Bank of Nova Scotia awarded your budget a gold medal for reasonable economic assumptions, a silver for spending control and a bronze for raising so few taxes.

In appreciation for your address today, we would like to give you a large round of applause.



*Left to right: Gerald W. Schwartz, President & CEO, Onex Corporation, Dr. Frederic L. R. Jackman, O.St.J., Ph.D., President of The Empire Club of Canada; The Hon. Paul Martin, B.A., LL.B., Minister of Finance, Government of Canada; Isabel Bassett, President, The Canadian Club of Toronto; and Heather M. Reisman, President, Cott Corporation.*



March 3, 1994

# His Excellency Andre Kilian

Ambassador of South Africa

## CANADA AND THE NEW SOUTH AFRICA

Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

### Head Table Guests

Duncan Jackman, Investment Officer, Personal Trust and Investment Management Services, National Trust and a Director, The Empire Club of Canada; The Rev. Charles Plaskett, Minister Emeritus, Timothy Eaton Memorial Church; Carlos Garin, Senior Vice-President, Bank of Montreal; Lucille Sive, President, Lion World Travel; Ernst Becker, Managing Director, Konbek Trade Inc.; David Brewis, Deputy Consul General, Toronto and South African Consulate General; Bruce Sinclair, Mayor, City of Etobicoke and a Director, The Empire Club of Canada; Donald J. Worth, Vice-President, Mining Specialist Group, Canadian Imperial Bank of Commerce; Diana Chant, Partner, Price Waterhouse and Treasurer, The Empire Club of Canada; Hans Peter Igel, President, Peter Igel Food Products Inc.

### Introduction by Dr. Jackman

In those word-association parlour games that fill many a windy, winter, weekend afternoon, certain word combinations are inevitable.

Similarly, there are countries whose names instantly trigger word associations in our minds, and South Africa is surely one of those. "Black and white," "Afrikaner and apartheid," "Johannesburg and Soweto," "Mandela and de Klerk," and more recently, "democracy and hope."

It is the last two words, "democracy and hope," that have brought us today's speaker, His Excellency, Andre Kilian, Ambassador of the Republic of South Africa to Canada.

You may not know, sir, that The Empire Club's purpose is to promote the interests of Canada and the British Commonwealth. And so, with the coming of democracy in next April's South African all-racial election, South Africa has now been invited to rejoin the Commonwealth. You have been gone since 1961. We hope that you do and that you consider your being with us today but just one of many welcoming ceremonies.

Ladies and gentlemen, Ambassador Kilian has been a career diplomat for over 20 years. He spent 11 of those years in the South African Embassy in Washington. He returned to South Africa in 1988 to take up new postings, first as Director for the Americas from 1988 to 1991 and then as Chief Director, Americas, Asia and Oceania in 1991. Mr. Kilian was appointed Ambassador to Canada in 1992.

Since Mr. Kilian presented his credentials, relations between our two countries have changed dramatically. When Mr. Kilian arrived in Canada, a sweeping package of trade sanctions were in place. Two-way trade was less than $300 million in 1992, less than half of its 1985 pre-sanctions level of $650 million.

But last September, Canada along with other Commonwealth countries lifted most economic sanctions in response to South Africa's abolition of apartheid and announcement of democratic elections to be held this April.

Both countries are now actively revitalizing our trade relations. In January of this year, The Honourable Roy McLaren, Canada's Minister of Trade, led a blue-chip mission of Canadian business people to South Africa. He was the first Canadian trade minister to visit South Africa in 30 years.

South Africa still faces many internal challenges in bringing together opposing factions to make democracy work. Today we look forward to hearing from the Ambassador his views on how Canada can support South Africa's goals, as well as where the mutual opportunities for Canada and South Africa lie.

Ladies and gentlemen, would you please welcome His Excellency, Andre Kilian.

**Andre Kilian**

Mr. Jackman, ladies and gentlemen, thank you for the opportunity to share some thoughts with you. I am honoured to be here.

While preparing my remarks for today, I glanced over the history of your Club and especially the list of people who appeared on this podium. I must admit, that it is a rather intimidating list. So if my voice is quivering, please know that it is because I am very much aware that the likes of Prime Minister Pearson, Trudeau, Clark, Turner, Mulroney and Campbell as well as Presidents Nixon and Reagan, and Mr. Harold Wilson and Mrs. Margaret Thatcher stood here before.

I also saw the name of General Jan Smuts on the list. I assume that General Smuts addressed your Club in the late forties when he visited Canada, the last South African head of government to do so. It is indeed sad to think that apartheid has kept South African heads of state and of government out of Canada ever since then.

I am, however, not here today to talk about apartheid. Apartheid is, thank God, something of the past although we in South Africa will have to deal with its legacy or as I prefer to call it, its devastation, for many years to come. What I am here to discuss with you is the new South Africa and, as the theme of my remarks indicate, how Canada should deal with the new South Africa.

You are no doubt aware of the political developments that took place in South Africa over the past three years. These developments culminated at the end of 1993 in the adoption of an interim constitution and setting up of a transitional executive authority to govern South Africa until the elections which will take place on April 27 and 28 of this year.

The future Republic of South Africa will be a united, democratic, non-racial and non-sexist state with the Constitution as the supreme law of the land, guarded over by an independent and impartial judiciary. The democracy will be multi-party in nature with elections to be held regularly.

The Constitution for the transitional period, endorsed by the plenary of the multi-party negotiating process on November 17 and 18, 1993 at the World Trade Centre in Kempton Park, and adopted by Parliament during its November 1993 session, provides for a three-tier government of national unity, and a chapter on fundamental rights. A schedule in the new Constitution sets out binding and justiciable constitutional principles to which a final constitution must adhere.

The Constitution further provides for the repeal of the legislation which recognizes the independence of Transkei, Bophuthatswana, Venda, and Ciskei (those so-called black homelands which opted for independence during the days of separate development or grand apartheid as it was known here), as well as the legislation proclaiming self-government for those homelands which had refused independence, such as Kwazulu.

In its place, South Africa will be demarcated into nine provinces not based on any racial criteria whatsoever.

Parliament will consist of a 400-person National Assembly and a 90-person Senate. The National Assembly will be made up of 200 persons from the national lists and 200 persons from the regional lists of the various political parties, elected on the basis of proportional representation. The Senate will be made up of 10 persons elected by each of the nine provincial legislatures.

The Head of State will be an executive president and he or she will be elected by the National Assembly at its first sitting. It is widely expected that the leaders of the strongest party in the assembly will be our next president—in short, Mr. Nelson Mandela of the African National Congress.

Provision is also made for executive deputy presidents to be approved from the ranks of parties that obtain 80 or more seats in the National Assembly.

A multi-party Cabinet will be composed, according to proportional representation, of those parties that obtain five per cent or more of the vote in the election. The various portfolios will be designated by the president and decisions will be taken by consensus and failing that, by simple majority.

Each of the nine provinces will have a provincial legislature, elected by proportional representation from the regional party lists of the various political parties. Legislation in these bodies will be passed by simple majority on issues set out in a schedule of the Constitution. Like in Canada, these will include matters such as local government, agriculture, police, environment, language policy, housing, public transport, health and welfare, education at primary and secondary level, etcetera.

Each province shall be entitled to an equitable share of revenue collected nationally while at the same time, be able to raise local taxes, and set surcharges and other levies.

A Provincial Executive Council consisting of a premier and 10 executive members to administer provincial departments and determine policy, will be appointed by the provincial legislatures.

A Constitutional Court will have final jurisdiction on all matters relating to the interpretation, protection and enforcement of the Constitution at all levels of government. Disputes between the various levels of government will, therefore, be settled by this court.

The Constitutional Court will also certify that any amendment made to the Constitution, as well as the final Constitution, complies with the constitutional principles to which I referred.

In addition, this court will protect the fundamental rights and freedoms of individuals contained in the Constitution. In other words, South Africa will have its own Charter of Rights and Freedoms. Decisions by the Constitutional Court will be final and binding.

The Constitution also provides for an independent and impartial judiciary comprising a Supreme Court with an appellate division and lower courts such as magistrate's courts.

In its concluding charter, the Constitution provides for a final Constitution for South Africa to be drafted by the National Assembly and the Senate, sitting jointly as a constitutional assembly.

The final Constitution, will be adopted by two-thirds of the members of the constitutional assembly within two years after its first session. If the necessary two-thirds majority is not obtained in the Constitutional Assembly, certain deadlock-breaking mechanisms will come into play, culminating in the adoption of the final constitution by a 60 per cent majority of all South Africans in a national referendum.

That ladies and gentleman, is the new constitutional dispensation awaiting South Africa.

I would now like to turn to the matter that gives me cause for some concern. That is the pessimistic view I often hear expressed in Canada to the effect that South Africa is bound to go the way of many other African countries, where, after the transition from colonialism to independence, democracy disappeared and economies degenerated into chaos and bankruptcy.

As an African, let me say at the outset that the continent is not so wretched and hopeless as is widely believed. Indeed many African countries are currently undergoing a renaissance. Changes of this magnitude are admittedly not easy to bring about, especially considering the structural weaknesses brought by past policies and the international constraints of today such as the rules set by organizations like the World Bank, the IMF, the GATT and others.

Notwithstanding this, there are success stories in Africa. One of them, Botswana, a close neighbour of my own country has just been told by the Americans that it would no longer be entitled to foreign aid because of the success of its economy. Another example is Namibia which, despite its size, is similarly doing well.

I was reading just the other day, that the American investment bank, Morgan Stanley, is considering an investment of $70 U.S. million in the stock markets in these two countries as well as in Zimbabwe, Swaziland, Kenya and Ghana. It would seem to me that such a reputable institution would not be considering a substantial investment in these countries without having a good measure of confidence in their future.

Having said that, allow me nonetheless, to try and answer the question as it relates specifically to South Africa.

I will start by borrowing from the wisdom of Professor Eric Leistner, President Fellow at the Africa Institute. In a paper just published Professor Leistner points out, "Most sub-Saharan African countries, rushed into independence with constitutions drawn up in overseas capitals. Conversely, in South Africa, after decades of black resistance to white rule, all politically relevant groups engaged in protracted negotiations for a sustainable new order. While colonialism in most of Africa was too transitionary a process to institutionalize true democratic political structures and norms, blacks in South Africa have for centuries shared a common history with people of European and Eastern origin. This has profoundly affected all aspects of the individual as well as group life of these South Africans, notably so through participation in a modern economy and close interaction in daily life—apartheid notwithstanding."

In similar vein, Allister Sparks, a noted African expert, recently listed 10 reasons for his optimism about South Africa's future. I won't take the time to read them all to you as they appeared in the Washington Post. A few of Mr. Spark's observations are, however, worth repeating on this occasion. Mr. Sparks notes, firstly, that precisely because South Africa is the last African country to go through the liberation process, it has learned from the mistakes of others. Namibia, he points out: "is already showing that many mistakes can be avoided. South Africa is much better equipped than Namibia to succeed. White and black South Africans may still be deeply divided, but they share a common commitment to the country and a common dependence on one another. Whites have learned that they cannot run the country without the consent of the blacks, while blacks know they cannot build a prosperous future without whites. It is this inescapable mutuality of interest that wrecked apartheid and that makes non-racialism the only viable option for both."

One of the main reasons for Mr. Sparks' optimism is the essential pragmatism of the A.N.C. leadership which will ensure moderate and sensible policies. In fact, ladies and gentlemen, it can be stated without fear of contradiction that the A.N.C. is an inclusive broad church containing many viewpoints. This ensures, as we have already witnessed, that within its own structures, all issues are debated extensively and vigorously. To my mind, this makes for a democratic culture which militates against authoritarian tendencies which are apparently feared by the outside world.

Mr. Sparks finally points out that the new interim constitution, while regarded as defective by some liberal puritans, has the singular merit of being a contract born out of a spirit of compromise between the major representatives of all the people of South Africa, and therefore is, a workable charter for a co-operative future.

Having said all this, I'm not for a moment suggesting that it will simply be business as usual in South Africa. One often hears the cynical view that the government of national unity which will run the country after April's elections is really a cunning device designed by Mr. De Klerk to protect white privilege, indeed to entrench it indefinitely.

This is not so. Nobody will convince me that Mr. Mandela and his colleagues simply succumbed in the negotiating process, to the wishes of the National Party, or that they were somehow tricked into accepting arrangements that are not as democratic as they seemed to be. I have far too much respect to pay heed to such a notion.

The nature of the government that South Africa will be getting after the elections, was agreed upon in hard, exhaustive multi-party negotiations. And there is no doubt that the new government will use its power to bring about change in South Africa. But I agree with Mr. Sparks that the new government can be expected to be pragmatic in its programme of change, however profound those changes will be.

Obviously, whites are going to be called upon—again within the limits of pragmatism—to make sacrifices. I sincerely believe the vast majority of white South Africans fully realize this and are quite prepared to give what they must to the new South Africa.

But it's going to take much more than that. It is going to take hard work and dedication by all South Africans to deal with the tasks that lie ahead.

I am confident that we in South Africa can do it, especially if we get assistance from the outside world. I'll come back to this point in a moment. Let me first just say a few words about another concern among Canadians—the violence in my country.

Again, this issue needs to be put in some perspective. Terrible as the violence may be, and it is, it is not as cataclysmic as television images and newspaper accounts may lead one to believe. The violence is confined to a few relatively small regions of the country. And even in those we do not have a Bosnian-type situation. South Africans are not waging pitched battles against one another with tanks and helicopter gunships. In fact, the respected London-based Economic Intelligence Unit recently declared South Africa a much safer country for investment that many other important emerging markets, such as Mexico, Argentina, Venezuela, the Philippines and Poland.

It is also necessary to make a distinction between political violence and criminal violence. Although the boundaries between the two are often blurred, numerous studies by independent organizations have shown that political violence, per se, accounts for probably no more than 20 per cent of the total. The rest is attributable to criminal activities which are, unfortunately, prevalent all over the world.

Some political violence, as history taught us, is inevitable in a time of major political change. I am confident, however, that once a legitimate government is in office, with a similarly legitimate security and police force at its disposal, political violence will quickly diminish.

As for criminal violence, it stems largely from the desperation and the hopelessness borne of poverty, of unemployment and of the lack of adequate shelter. It is perpetrated mainly by those who have no real stake in the economy of the country and its fruits.

Again, I believe, that the deployment of peace-keeping forces, seen to be legitimate by the masses of the people, will result in the curbing of most of this type of violence in a relatively short time. But—and this is a big but—we in South Africa will only enjoy lasting peace and stability when the majority of our citizens can share fully in the benefits of living in our richly-endowed country. And that, to come full circle, will require huge socio-economic spending by South Africa, fuelled by assistance from abroad in the form of trade and investment.

So, in conclusion, ladies and gentlemen, allow me to now turn to Canada and my hopes for the future relationship between your country and mine. While Canadians are dealing today with a new South Africa, South Africans are dealing with a new Canada, a Canada which no longer maintains sanctions against South Africa. I believe that there is a number of very good reasons why South Africa should remain close to Canada and, without being presumptuous, why Canada should remain close to South Africa.

On the political front, there is no doubt that Canada enjoys extraordinary influence in the international community considering that it has a population of only 26 million. It is the only country that has membership in the group of seven, the Commonwealth as well as the Francophonie. It is an active member of practically every agency of the United Nations and has established a reputation as the world's most active contributor to peace-keeping operations.

This influence placed Canada in a leadership position in the international campaign against apartheid, beginning more than 30 years ago when South Africa was compelled to withdraw from the Commonwealth. The role Canada played in promoting international sanctions against South Africa, particularly in the Commonwealth, is well known. I hope that the same influence will now be at the disposal of South Africa as it once again rejoins the community of nations.

Canada's reputation as a liberal democracy, combined with its position of influence in the international community, places your country in an ideal position to support South Africa's transition to a full and sustainable democracy. Agencies of the Canadian Government, such as the International Development Research Centre (IDRC) and the Canadian International Development Agency (CIDA) have already made important contributions towards the advancement of free-market economic principles. They are also making a significant contribution in respect of our upcoming election through the provision of both personnel and funding. You may be aware that Mr. Ron Gould of Elections Canada was recently elected to serve on the Independent Electoral Commission which will oversee the election in South Africa.

The reputation for good governance which Canada has established both domestically and internationally further makes your country a natural choice as a training venue for new entrants to South Africa's public service. Prospective premiers for South Africa's new provinces have just, or are still receiving, training in Ontario, New Brunswick and Saskatchewan.

In the fields of social welfare and health care, your country has established public programmes which are the envy of the world. The philosophy behind these systems, as I understand it, is a central element to your human-rights agenda, both at home and abroad. This agenda manifested itself in Canada's past relations with South Africa and will hopefully continue to do so in the future.

Canada has made a similar commitment to the protection of the environment and, once again, has established a reputation as a world leader. Environmental resource management and the impact of mining and industrial development on the environment are particular areas where Canada will be able to offer guidance to South Africa. I trust that also in this regard, we South Africans will be able to draw on your experience and your reputation for leadership.

Trade and investment links with South Africa have not been substantial in the past. Prior to sanctions being imposed in 1986, two-way trade between Canada and South Africa amounted to less than $500 million. Six years later, by the end of 1992, this figure had decreased by half to less than $250 million. In the case of both countries, this amounted to less than one per cent of each other's total trade.

The low level of interest in bilateral trade was due in part to the similarity between the resource bases of Canada and South Africa. But, it was mostly due to the negative image of South Africa which developed progressively following South Africa's withdrawal from the Commonwealth in the sixties. The combination of these factors, together with the real as well as psychological impact of Canada's sanctions against South Africa, brought bilateral economic relations to an all-time low by the time sanctions were lifted in September, 1993.

Since sanctions have been lifted, both the federal and provincial governments have moved quickly, not only to remove legislative and administrative impediments to normalised trade and investment but also to actively encourage these relations with South Africa. The Department of International Trade arranged a series of trade and investment seminars across Canada late in 1993, while your Minister of International Trade, led the first official mission to South Africa in more than 30 years during January this year. Mr. Maclaren was accompanied by senior executives of 15 Canadian multi-nationals as well as Ontario's Minister of International Trade.

The first official trade mission from the provinces was led by Quebec's Minister of International Relations and took place February 17–21. Ontario, British Columbia, Alberta, Manitoba, and Saskatchewan are now in the process of arranging trade missions to South Africa this year.

The high level of interest on the part of the federal and provincial governments is stimulating interest within the private sector. Major multi-nationals such as SNC-Lavalin, Bombardier and Cott Corporation have already concluded multi-million-dollar joint venture investment agreements with South African partners. These ventures are backed by principal financial institutions, including government lending agencies, all of whom have re-established relations with South Africa over the past five months.

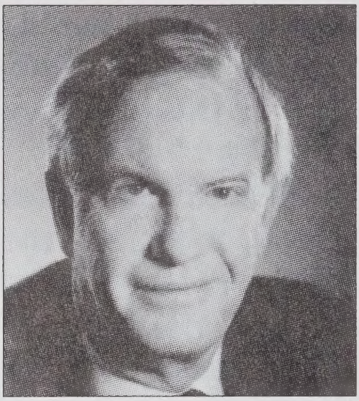
Against this backdrop it is estimated in official circles here, that two-way trade will jump to $600 million by the end of 1994 and to more than $1 billion by the end of 1995. Direct investment in South Africa, particularly through joint venture agreements, is similarly expected to climb significantly over the next 24 months.

This ladies and gentlemen, is the new Canada I spoke of earlier, a Canada whose involvement with South Africa will not only be politically and morally correct, but indeed, very profitable.

I would like to leave you with a plea. As your government is going through a review of its foreign policy direction, please make your voices heard for a close profitable future relationship between South Africa's new Canada and Canada's new South Africa.

Thank you.

The appreciation of the meeting was expressed by Diana Chant, Partner, Price Waterhouse and Treasurer, The Empire Club of Canada.



March 10, 1994

# Ted Rogers

President and CEO, Rogers Communications Inc.

# DEVELOPMENT OF THE INFORMATION HIGHWAY

Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

### Head Table Guests

Montague Larkin, Chartered Accountant and Honorary Director, The Empire Club of Canada; Stanley B. Lacks Jr., President and CEO, Unitel Communications Inc.; The Rev. Kim Beard, Rector, St. Bede and St. Chrispin Anglican Churches; Michael de Pencier, President, Key Publishers; Philip B. Lind, Vice-Chairman, Rogers Communications Inc.; Donna Soble Kaufman, Partner, Stikeman Elliott and a Director, Transalta Corporation; Colin D. Watson, President and CEO, Rogers Cablesystems Limited; Julie Hannaford, Partner, Borden & Elliot and 2nd Vice-President, The Empire Club of Canada; David S. Gergacz, President and CEO, Rogers Cantel Inc.; Ronald Osborne, President and CEO, Maclean Hunter Ltd.; W. David Wilson, President and Deputy CEO, ScotiaMcLeod Inc.

### Introduction by Dr. Jackman

I would like to preface my remarks, Mr. Rogers, by thanking you for your impeccable timing in concluding your discussions with Mr. Osborne of Maclean Hunter just two days ago. We at The Empire Club didn't know if that meant we should cancel today's event—

since every step of the negotiation had been so well covered by the media—or that you would want to celebrate the occasion by using The Empire Club to address all your several hundred thousand fans in the Rogers Community Cable network, which as you well know is being broadcast live.

This is certainly a week of celebration for you, just as it is for all those Maclean Hunter shareholders who have been waiting patiently for years to see if the stock price would ever vary from its vaguely horizontal performance. In the old days, we used to say "every nickel counts," but now with inflation and Ron Osborne's rephrasing, we all know that "it's every 50 cents that counts."

Two days ago the Rogers annual meeting was held in Toronto's magnificent Art Gallery of Ontario—a building certainly monumental enough to welcome an extraordinary occasion. Ted Rogers and Ron Osborne shook hands in warm agreement over the $3.1 billion deal they had concluded.

And so ended one of Canada's highest profile corporate takeovers. Since the announcement, Rogers intention has so thoroughly dominated the national business media, including three articles in today's Report on Business, that we understand the Globe and Mail was considering renaming the R.O.B. to the R.O.R.

This level of media attention is not new. Ted Rogers has been breaking ground in the communications business for over 30 years.

This is not new for his family. His father, and namesake, was an early communications pioneer who developed the technology in the 1920s that allowed radios to work on direct electricity rather than on batteries. His father was also involved in putting the world's first alternating current radio station, CFRB, on the air. In fact, the last two letters of the call sign CFRB stand for Rogers Batteryless.

Most unfortunately, both for Ted's family and for Canada, Mr. Rogers Sr. died when he was 39 and Ted was only five. As a consequence, Ted knows that life can be short and that each day is for accomplishing something special. And there are few Canadians that have accomplished as much.

Ted is now 60. He lives in Toronto with his wife Loretta and they have four children. Ted's many accomplishments were recognized by Canada when he became an Officer of the Order of Canada in 1990.

Young Ted Rogers prepared himself by studying law, receiving his LL.B. from Osgoode Hall in 1961. It was while articling the following year, that Mr. Rogers launched Canada's first commercial FM radio station. Since then he has consistently been at the forefront of new developments in the communications industry.

He was an early entrant in the race to provide cable television services in Canada—a race that has resulted in Canada having the highest rate of cable penetration in the world and made Rogers Communications Canada's largest cable company, serving as of last Tuesday, one-third of Canada's cable subscribers.

In 1985 Mr. Rogers was a founding shareholder of Cantel Inc. providing a national cellular telephone network in Canada. Four years later (1989) he acquired 40 per cent of Unitel Communications. Three years after that, Unitel was granted permission to compete with the telephone monopolies in Canada's public long-distance market. And in 1994, he acquired Maclean Hunter.

Almost one year ago, Ron Osborne at Maclean's Magazine proclaimed today's speaker, Edward S. (Ted) Rogers to be "The King of Cable." Mr. Rogers could be forgiven today if his response then, had been "Look out Ron, you ain't seen nothing yet."

Ladies and gentlemen, please welcome Mr. Ted Rogers.

### Ted Rogers

In the three decades in which I have been involved in Canada's communications industry my hobby, as well as business, has been developing and implementing new technologies. The three most important were FM radio, cable TV and cellular telephony. My business philosophy has been to find a need and fill it! There are a lot of new needs to be filled!

While I was in law school in 1960, I purchased CHFI-FM at a time when only five per cent of the homes in Canada had an FM radio receiver. This station has been a great success and today Rogers Broadcasting owns 16 radio stations across Canada.

Few remember what a struggle cable television was in the 1960s! In the early days, cable was a hard sell and there were great financial difficulties. However, we provided a good service which improved people's lifestyles and cable has been a success!

I am also proud of the success the Canadian cable industry has had in supporting and enhancing the Canadian broadcasting industry. The telephone companies were free to provide cable television services in Canada in the 1950s and the 1960s as Ed Jarmain, Syd Welsh and I did, but they didn't believe in broadband, didn't believe in cable and were not prepared to accept the risks of pioneering.

I became involved in the cellular telephone business in the early 1980s. Rogers Cantel's phenomenal growth has exceeded everyone's expectations. Again, cellular has improved and enhanced the lifestyles of Canadians both at home and at work. Rogers' wireless service is now available to 85 per cent of Canadians.

It is against the background of these challenges that I look forward to the development of the information highway. Our vision of the information highway is to use new technologies to enhance and improve our lives, both at work and at home, while protecting and promoting Canadian ideas and Canadian voices.

The information highway is a two-way broadband connection to the home. The Canadian cable industry can provide this highway quickly, at lower cost and more comprehensively, than the projects which have been proposed in other countries.

The cable industry has always been broadband to the home. Some cable television systems have been two-way for quite some time. We owned several cable television systems in the United States, which we sold in 1988 in order to make further investments in Canada. Several of our systems there were two-way, and we have experience in operating these systems. Over the next few years we will be rolling out two-way capability to all of our Canadian systems and many other cable operators in Canada will be doing the same.

The telephone companies already have a two-way local network, but it is narrow band. It has very limited capacity. The cost for them to upgrade their networks to broadband would be prohibitive. They would have to abandon their existing networks and build entirely new ones from scratch. The cost for Canada would be in the $30 billion range or more. This would be prohibitive.

Canada is indeed fortunate that in Canada we do not need to incur these expenses or go through the very costly exercises that some other countries are engaging in. In Japan there has been talk of a fibre to the home network by the year 2015. In Japan, unlike in Canada, there is very little cable television infrastructure and the Japanese are discussing this ambitious broadband to the home plan at a cost of $150 billion or more. In the U.S. too, some of the telephone companies have advanced proposals for extremely expensive network infrastructures. In Canada we are blessed with a cable television broadband network which already passes 95 per cent of the homes in this country. This extraordinary broadband penetration rate is unsurpassed anywhere in the world.

The home is, of course, one important part of the information highway but there are others. Canada needs high-speed networking between universities, hospitals, schools and research institutes. We at Rogers are fortunate to have within our cable company the Rogers Network Services division which specializes in the delivery of high-speed data and broadband networks. Already we are working with the universities and schools to deliver cable television and high-speed systems. We can and will do more in conjunction with CANARIE and in conjunction with our colleagues at Unitel and Rogers Cantel.

Our world is changing rapidly. We hear daily about the coming of this information highway and new multimedia services—concepts that are generated both with enthusiasm and with scepticism by some. Many people ask about the services that the information highway will deliver. Last November the Wall Street Journal expressed the concerns of many and wondered if the information highway was a "highway of hype."

But the fundamental truth is that the rapid evolution of electronic communications and computing—particularly on a personal user level—is bringing us to a new era which will change how we will all work and live. Integrating computing, communications, information, and entertainment systems is no longer a distant dream. We are indeed on the eve of seeing personal computers that can show movies, televisions that take you into virtual shopping malls and even individual stores, wireless fax and data transmission and electronic travel.

This brings me to our strategic merger with Maclean Hunter.

In the race to build the information highway of the future and to develop the services that these highways will deliver, Canada is starting well behind. Yes it's true we have the greatest penetration of broadband network to the home of any country in the world. But Canadian companies are small and underfinanced by world standards. We do not have companies like Time-Warner and Murdoch which can combine resources in many different fields to create new multimedia services. Our cable industry is fragmented.

This strategic merger of Rogers and Maclean Hunter will change all this. It will result in a strong new Canadian company which combines industry-leading publishing and broadcasting resources to create new ways to tell Canadian stories, using the latest in multimedia technologies.

To preserve a unique and distinctive Canadian voice, we must take steps now to create the Canadian equivalents of a Time-Warner, a Murdoch. We must give Canadians unique new services, with more opportunities for emotional closeness, more opportunities to hear and tell Canadian stories. We must harness the new technologies for the benefit of all Canadians. This strategic merger will do this.

Today, the Canadian cable industry faces a huge competitive threat from U.S.-based direct broadcast satellite services. These new satellite services will rain down hundreds of foreign programming services on Canada. The cable industry must respond by offering new and better services and more choice. Otherwise, Canadians will abandon the Canadian broadcasting system.

As well, the telephone companies have not been shy about their interest in entering the multimedia market. A fragmented cable industry has little chance of responding to the competitive threat posed by the telephone monopolies.

This strategic merger will respond to both of these competitive threats. Strong regional cable companies can better serve subscribers by developing greater operating efficiencies, resulting in more uniform services, rates and higher levels of customer service. This merger will strengthen the cable industry, equipping it to better compete with foreign direct broadcast satellite services and the telephone monopolies in the future. Most importantly, it will help to ensure that Canadians have a choice in the information highways and services available to them.

We will now go forward together facing the challenges of public and regulatory scrutiny. I have already set out a number of the reasons why this merger would be in the public interest. But I also recognize that this merger will bring with it important responsibilities.

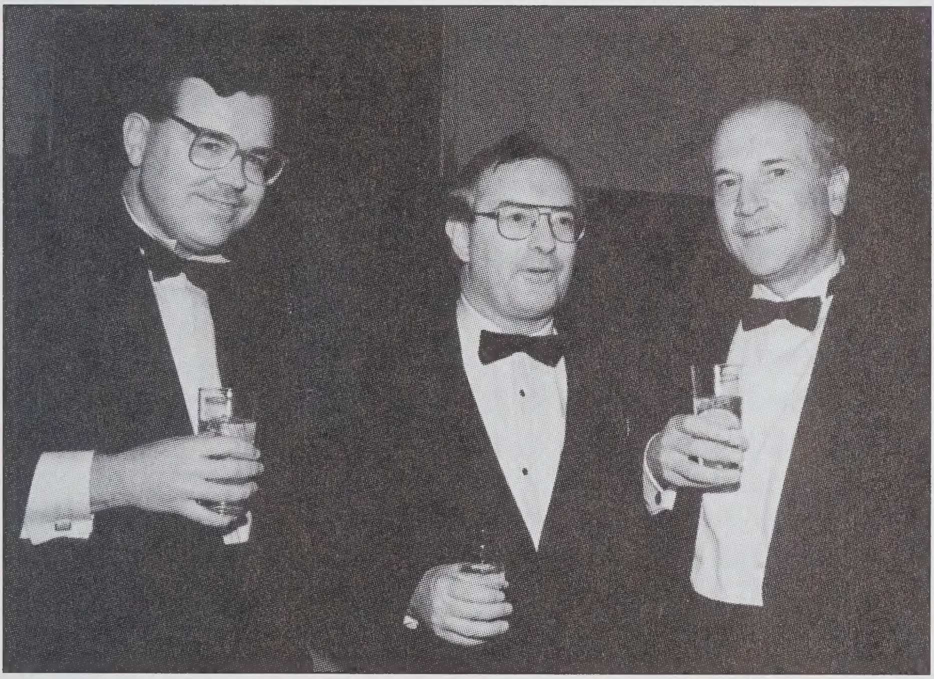
A diversity of voices and ensuring access for this diversity of voices has long been a key element of Canadian broadcasting policy. Rogers has been a leader in the industry on this issue. We have established our own access policies which exceed those established by the industry generally.

In the multimedia environment of the future, we must broaden these policies to ensure that there is fair, open and equal access for all voices, from Chatelaine to The Toronto Star, from CBC News world to MuchMusic. We may be developing the highway—but everyone will be able to travel on it.

We believe that this merger is in the interest of our two companies and in the interest of all Canadians. It is an opportunity to strengthen the Canadian communications system now and in the future. It is an opportunity which we must seize and act upon.

Thank you very much.

The appreciation of the meeting was expressed by Julie Hannaford, Partner, Borden & Elliot and Second Vice-President, The Empire Club of Canada.



*Director William Laidlaw; Second Vice-President, David Edmison; and Immediate Past President, Robert Brooks.*

March 31, 1994

# Dave Nichol

President, Dave Nichol & Associates

# CANADA—THIS IS YOUR WAKE-UP CALL

Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

### Head Table Guests

Robert Dechert, Partner, Gowling, Strathy & Henderson and a Director, The Empire Club of Canada; Darren MacDonald, grade 12 student, Danforth Technical and Collegiate Institute; Edmund O'Keefe, Director of Strategy, Loblaw Brands Limited; The Rev. Canon Harold Roberts, Rector, St. Timothy's Church, Agincourt, and a Past President, The Empire Club of Canada; Marion Kane, Food Editor, Toronto Star; Gerald Pencer, Chairman, Cott Corporation; Maureen Cappon-Javey, Senior Consultant, Hill & Knowlton and a Director, The Empire Club of Canada; The Rev. Mark Aitchison, Minister, Islington United Church; Daniel Silver, M.D., Danver Consultants Inc.; Galen Weston, Chairman and President, George Weston Ltd.

### Introduction by Dr. Jackman

To introduce today's speaker, David Nichol, as a grocery retailer would be a little like introducing Wayne Gretsky as a hockey player. It might be accurate but it would utterly fail to reflect the impact they have had in their fields. For Dave Nichol has done more to uplift our food-buying experience than any other retailer in North America.

Dave Nichol was born in Chatham, Ontario. As his father was a railroad station agent, his family moved a great deal. He called no fewer than 13 towns "home" before finding himself at the University of Western Ontario. Here, he studied for a degree in business and where fate, in one of her more fortuitous turns, provided young David Nichol with a room-mate by the name of Galen Weston.

Dave Nichol went on to earn a law degree at the University of British Columbia and a masters in law from Harvard before joining McKinsey & Company's Toronto management consulting office. It was while at McKinsey in 1972 that former room-mate Galen Weston sought Dave Nichol's help for the family's ailing supermarket chain—Loblaws.

The rest, of course, is supermarket history.

Dave Nichol joined the Loblaw group of companies in 1972 as Executive Vice-President of Loblaw Companies Limited and became its president in 1976. Early in 1985 he became President of Loblaw International Merchants, the product development arm of Loblaws Companies.

David Nichol has been called a product genius and his products have been called category killers. The "No Name" line of products he introduced in the 1970s did more than just help turn around Loblaw's flagging image. It gave birth to what is now the world renowned "President's Choice" family of products.

Without question, Dave Nichol is this country's highest profile supermarket retailer. "No Name" and "President's Choice" products account for 32 per cent of Loblaw's retail business. His Insiders Report is snapped up three times a year by customers excited to read of our guest speaker's latest travels and to savour the next "Memories of" product. The Dave Nichol cookbook sold out 100,000 copies at Christmas.

Dave Nichol has even gone global. Reversing the typical Wal-Mart scenario, a selection of Dave Nichol's products are being sold in over 1900 Wal-Mart stores under the Sam's American Choice label.

In December 1993, Dave Nichol announced his departure from Loblaw International Merchants to work as an independent consultant and pursue his interest in marketing the "President's Choice" concept worldwide.

At home, Dave Nichol shares the spotlight and the kitchen with his wife Terri.

Ladies and gentlemen, please welcome "the classic, the ultimate, the decadent, the too good to be true, the person whom everyone votes for as their President's Choice"—Dave Nichol.

**Dave Nichol**

The views expressed today are strictly my own and the questions I intend to raise do not reflect the view of any of the people or companies I have worked with in the past, present or future.

Let me first tell you what happens when The Empire Club asks you to address this august body. Months ahead they demand that you give them the subject that you intend to speak on. Unfortunately though, I don't write these speeches until the night before I give them. So I told them Innovate or Die because it sounded good.

However, after I had sent in my speech title, I read the results of the annual Yankolovich's opinion poll and I decided to change the title of today's speech to Canada This Is Your Wake-Up Call because Yankolovich's number one finding of the trends that will shape our future was that there is a generalized sense in the minds of North Americans that nothing works anymore.

Let me quote directly from Yankolovich's poll: "There's a growing perception that the economy, our democracy and our public affairs are being led by incompetent people to irrelevant objectives." Does that strike a fundamental chord with you? I know it did with me.

Intuitively both you and I know that as Canadians we're in deep trouble. So I spent some time thinking about why we feel this way. I even looked at some facts, which is a strange experience for me because I don't believe in things like market research. Here are some of the things I found.

For every one dollar of new taxes the Canadian government takes in, it spends $1.75.

Combined federal-provincial debt will be $700 billion by the end of 1994 or 98 per cent of Gross Domestic

Product and in two years economists predict that the government debt to Gross Domestic Product ratio will rise to 105 per cent.

In the simplest terms possible, what this means is that in another two to three years economists are predicting that Canada will be technically bankrupt and will be faced with the type of fiscal crisis suffered by Sweden in 1992 and New Zealand in 1984.

It's impossible to forecast exactly when Canada's ability to borrow will vanish, but we know from Sweden and New Zealand that when the financial crisis hits, the country's ability to borrow tends to vanish abruptly and then the I.M.F. steps in, forcing the government to retrench on an unprecedented scale and perhaps we'll even see a 50-cent dollar.

These are serious problems. Yet I'm willing to admit that, like all Canadians I have a biologically implanted mute switch that is activated every time a Canadian politician opens his mouth to talk about these critical economic problems. However, after thinking about it, I'm convinced that it is absolutely essential that we abolish a number of myths that are preventing us from making the fundamental changes that are necessary to pull Canada back from the abyss.

You may be asking yourself what qualifies Dave Nichol to speak on this subject. The real answer is probably "not much." However, I do realize that what we're essentially facing here is not just a financial or political challenge. First and foremost it's an enormous marketing challenge. How do you market the hard-to-accept facts to Canadians so that they will accept the inevitable reduction in their standard of living? And how do you get them to accept the painful reforms that are essential to turn Canada around? Without this fundamental change in Canadian attitudes it's impossible to implement any of the substantive changes necessary.

I may know next to nothing about economics or politics but I think you're acquainted about my marketing track record. And since I have absolutely no political ambitions, I can afford to tell you the truth. So here we go with Dave's Top Ten Canadian Myths that must be abolished if our country is going to survive—and maybe even prosper. Now, if you want to get the right answers, first you have to ask the right questions. I'm just going to raise what I consider to be the pertinent questions. The answers are up to you.

Myth #1: The myth of Canadian entitlement.

Why is it that Canadians deep down still believe that their country deserves to be rich and that government therefore is a remote Olympian entity that can afford almost anything?

Why is it that your family would never consider spending $1.75 for every dollar you take in and yet you consider that it is totally natural for the Canadian family to do it year after year?

Why do we feel that we can go on mortgaging our cozy little Canadian cocoon year after year and never worry about the mortgage being called?

Myth #2: Government is capable of curing Canada's fiscal disease?

Is Richard Needham correct when he states that "Canadians are weird; they look to Ottawa for the cure when Ottawa is, in fact, the disease"?

Let's be perfectly blunt. It is simply unrealistic to expect current Canadian politicians to deal with the fundamental restructuring that must occur in Canada because you've encouraged them to become incurably hooked on the heroin of buying your votes by mortgaging your children's future. The basic flaw in a politician's character is that they want to be re-elected. Perhaps we need a new crop of politicians who have no interest in being re-elected.

Is Canada's biggest problem simply the fact that it doesn't have any management?

Professor Bornbush, Professor of Economics at M.I.T. makes an interesting analogy about Canada. He points out that when you fly into Kennedy airport you can't take your luggage cart past customs. You have to take a porter. In other words, the airport is there for the porters not tourists. In a similar manner he thinks that Canada should be run for its shareholders (i.e. its taxpayers) yet unfortunately, in his opinion, it's being run for its employees.

Can Canada's current leadership be expected to adopt a different course? Is it true that great leaders appear at times of great peril? In Canada we're about to find out.

Myth #3: The growing U.S. economy will save us.

Is the highly touted U.S. economic recovery just a short-term phenomenon? The performance of the Dow stock market over the past few days makes this a reasonable question to ask.

Are you not concerned about the following projection from Richard Russell's highly respected "Dow Theory Letter"? He forecasts that by the year 2000, interest on the U.S. federal debt will eat up 100 per cent of what every American currently pays in all forms of taxes!

Shouldn't we give up all this talk about "when the U.S. economy recovers?" Let's give up placing our hopes on a sinking ship and have the courage to come to grips with our own country's fundamental problems.

Myth #4: Canadian's basic feelings of incompetence (particularly relative to the U.S.).

This is one of Canada's most cherished myths. It is also one of the most dangerous. It's the one we use to explain away our lack of performance compared to our neighbours south of the border.

Could it be that we're just conning ourselves to cover the real reason for our lack of performance? Is there any possibility that we're just lazier than our American brothers, because of Canada's security cocoon—which incidentally we can't afford?

Deep down isn't it true that we really feel superior to Americans? Do you know of anything that justifies this sense of superiority?

Myth #5: Canadians are "sticks in the mud" who could never tolerate the changes necessary to avert disaster.

According to Fortune magazine, Coca Cola is the most valuable brand in the world. Yet last year in Canada, Coke lost $143 million and closed half of its production plants. Why? Because retailers across Canada offered Canadians a comparable or better product at significant savings. They eliminated the soft drink Brand Tax and the Canadian consumer jumped at it.

Why did the President's Choice and No Name retailer brand revolution that is sweeping North American and Australia start in Canada? Why is the entire world coming to Canada to see the retail revolution that you, the Canadian consumer, started? It's because of you. You've finally realized in your heart of hearts the inescapable truth that because you allowed your future to be mortgaged, your standard of living will inevitably go down substantially and over the next few years you'll be in a desperate fight to try and salvage as much as possible of your current standard of living.

Today, loyalty for the Canadian consumer is nothing more than the absence of a better-value alternative. Today Canadians are more willing to change than ever before and all they're waiting for is someone to point the way. This is an enormous opportunity for businessmen as well as politicians.

In the past I've been written up as having a certain instinct that helps me determine what the consumer will want in the future. So let me ask myself a couple of questions. "Could Canadians respond to a politician who tells it like it really is and promises little more for the foreseeable future than toil, tears and further cutbacks? Is the

Canadian electorate willing to lower its currently unrealistic expectations?" My marketing antenna gives me a clear Yes on both of these critical questions.

Myth #6: Canada has an incurable case of the "English Disease."

The English Disease perpetrates the myth that there is a thin layer of society that has all the answers—they feel they're a natural ruling class and that the rest of us should just stay out of it.

Why is the most important question to a person afflicted with the English Disease?—"Where did you come from?" Instead of the first question an American asks you, "Where are you going?"

Many years ago when Dick Currie, the president of Loblaw Companies first appointed me president of the Loblaws stores in Ontario, I suffered from a case of the English Disease—I thought I knew everything.

What Loblaws needed then was a sales boost so I asked my people what would be the item that would get everyone shopping at Loblaws for the Labour Day weekend. "Ninety-nine cent blade steaks" they said. "O.K." I said let's go with it, I didn't need any more advice.

Well, it turned out that before Labour Day, we had to kill every cow between here and Moose Jaw. Nobody bothered to tell me that the meat department simply couldn't cope with it and if they had, I probably wouldn't have listened to it anyway. I actually saw customers in fist fights as they lunged for the blade steaks coming out of the meat room.

Ninety-nine cent blade steaks cured me of the English Disease forever. At that point I wised up, got into my car and drove across Ontario and talked to every store manager and asked them what we needed to turn Loblaws' Ontario stores around. They told me, I did it and you know the rest of the story.

Maybe one of the most important things we need right now is a leader who can inspire, challenge and catch the imagination of Canadians at the grass-roots level so that more Canadians can get excited about participating in the political process. And then all the politicians will have to do, is just listen to them.

Myth #7: Canadians have an incurable case of the "Tall Poppy Syndrome."

Do you know what the "Tall Poppy Syndrome" is? In Canada, If you are too successful and pop your head up too high above the crowd—you'll get it chopped off.

Is this a distinct Canadian ailment or is it just a symptom of the English Disease? I don't know. Maybe it's just a result of the often-heard criticism that the Canadian media has always suffered from a terminal case of the English Disease.

Can we ever make any progress in this country until the English Disease and the Tall Poppy Syndrome are exterminated from Canadian culture?

Myth #8: Radical change in Canada is impossible because radical change must happen in small incremental steps.

Jack Welch, the Chairman of the General Electric Company is recognized as one of the world's leading thinkers when it comes to problem-solving skills.

In this year's annual report "Chairman Jack" talks about how G.E. uses "Bullet-Train Thinking." The example he gives is that if you want a ten-mile per-hour increase in train speed you tinker with the horsepower, but if you want to double the train's speed, you have to break out of conventional thinking and conventional performance expectations.

For example, at G.E. every time it achieves one extra inventory turn it produces $1 billion in cash to reinvest for tomorrow. Traditionally, G.E. set yearly objectives to move inventory turns from say 4.73 to 4.91 turns. Then G.E. applied "Bullet-Train Thinking" and changed the goal to 10 turns. In their current annual report, Mr. Welch assures shareholders they're going to make it, which means they'll free up an extra $5 billion in cash.

Doesn't Canada desperately need some leaders with the ability to inspire Canadians to become unconventional "Bullet-Train" thinkers?

What are some of the "stretch objectives" we should be thinking about? Well Canada has a record of being one of the lowest-performing developed countries when it comes to innovation. Why can't we set the "stretch goal" of being recognized as the most innovative country in the world before the year 2000? And while we're looking at "Bullet-Train Thinking" why by the turn of the century can't we move from 11th to #1 in the ranking of education performance amongst developed countries?

Myth #9: "The fear of flying myth."—i.e. We don't know enough yet so let's set up yet another royal commission and then we won't have to actually do anything.

Jack Welch says "Bullet-Train Thinking" is essentially using dreams to set goals—with no real idea how to get there? He says that if you do know how to get there, it's not a stretch target.

Years ago I travelled the world and in a number of countries I saw a number of environmentally friendly products. I came back to Toronto and right after Christmas I put the product developers, product sourcers and quality-control team into a room and told them I didn't know how we were going to do it, but I was determined to launch 100 G.R.E.E.N environmentally friendly products six months later in the summer Insider's Report.

Do you know how long it takes a branded food company to develop a single product? Years. Well because of Bullet-Train Thinking, we launched 100 G.R.E.E.N. items in six months.

Why don't we set some stretch goals to eliminate some of the lunacy that's holding this country back? For example, how can we ever grasp the enormous benefits of free trade with the U.S. and Mexico when we're unwilling to attack and eliminate the crazy trade barriers that exist between our own provinces? Why are Canadians willing to pay up to twice as much for a chicken or milk as someone in Buffalo? Does this country really need social security even for our chickens and cows? It's mind boggling.

Myth #10: The myth that to be a creative thinker—a true innovator—you have to experience a blinding and original flash of inspiration.

Finally I'm talking to you about a subject that I actually know something about. Innovation—a skill that is desperately needed in Canada.

Anne Kingston has spent the last two years writing a book about innovators that's going to be published after Labour Day. Anne has interviewed hundreds of people and almost inevitably when the subject of my innovations comes up, they ask her if they could speak to her in private and then they whisper to her things like: "You know Dave didn't really invent the Insider's Report. He stole it from a guy called Trader Joe in California."

You are listening to a person whose reputation is that of the great innovator. You are also listening to a man who many claim has never had an original thought in his life. No Name was appropriated from a French Hypermarket. The Insider's Report came from Trader Joe. G.R.E.E.N products came from a series of European supermarkets. And President's Choice was inspired by Marks & Spencer.

My great friend Brian Davidson used to tell me that "Genius is the art of associating the hitherto unassociated." (I believe Brian stole that from Aristotle.) Why don't we send our politicians out into the world to steal some ideas that we already know will work?

They should look at New Zealand where the governor of the central bank has been put on an incentive basis where his pay is inversely co-related to the inflation rate—not surprisingly inflation in New Zealand has come down to zero.

They should look at the standard cost-cutting techniques used by consulting companies like McKinsey. For example, McKinsey would have the heads of all the departments of government draw up a prioritized list of which variable expenses they would cut if they had to eliminate 33 per cent of their variable cost budget next year.

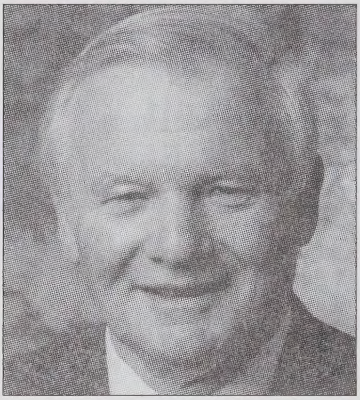
Things like the fact that the Canadian government is Canada's largest advertiser with a $113 million budget would pop right up for everyone to see. What does the government have to advertise? Would you and I miss it if the government spent nothing on advertising next year?

In closing, I'd like to thank The Empire Club for their invitation to speak because it forced me to think about Canada and Canadians; something that I'm sure very few of us do on a regular basis because unfortunately thinking is a painful process.

But once I got into it I thoroughly enjoyed it and I came away with the conclusion that saving our country's future, although it's a daunting task, is doable, if we get our priorities right, market them properly to our fellow Canadians, and have the courage to attack the critical issues right now.

Last year the Sun papers across Canada ran a cartoon of a gentleman watching TV and he was saying: "Why can't they just let Quebec be distinct, dump the Senate, lower the G.S.T., end the recession and let Dave Nichol run the country?" If any of you are silly enough to take that cartoon seriously, then my advice to you is forget it, because I'm going to stick to Chocolate Chip Cookies.

The appreciation of the meeting was expressed by The Rev. Canon Harold Roberts, Rector, St. Timothy's Church, Agincourt and a Past President, The Empire Club of Canada.



April 7, 1994

## The Hon. William G. Davis

Former Premier of Ontario; Counsel, Tory Tory DesLauriers & Binnington

# THE MEDIA'S ROLE IN SOCIETY: A STATESMAN'S VIEW

Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

**Head Table Guests**

Margaret Scrivener, formerly Member of the Provincial Parliament for the Riding of St. David, member of the firm Martin & Meredith Limited Real Estate and Honorary Director, The Empire Club of Canada; The Rev. Dr. Malcolm Sinclair, Minister, Metropolitan United Church; William Wilton, Executive Director, The Canadian Journalism Foundation; Anthony Fredo, Vice-President of Public Affairs, Ford of Canada; Robert J. McGavin, Senior Vice-President, Public Affairs, Toronto Dominion Bank and Chairman, Olympic Trust of Canada; John A. MacNaughton, President and CEO, Burns Fry Limited and a Past President, The Empire Club of Canada; Tom Wells, President, T. L. W. Consulting and a Director, The Empire Club of Canada; John Fraser, Editor, Saturday Night Magazine; Julie K. Hannaford, Partner, Borden & Elliot and 2nd Vice-President, The Empire Club of Canada; The Hon. J. Trevor Eyton, O.C., Q.C., B.A., LL.B., Chairman and Director, Brascan Limited; Francoise Bertrand, Presidente-directrice generale, Societe de radio-television de Quebec.

### Introduction by Dr. Jackman

It is with great pleasure that we welcome The Honourable Bill Davis as the first speaker in the Media and Society series. Both the Canadian Journalism Foundation and The Empire Club are pleased that you were willing, Mr. Davis, to review your years of political and civic activity and to bring us the distillation of your wisdom today.

Mr. Davis, of course, is no stranger to The Empire Club, having addressed the Club on many occasions over his distinguished career, perhaps more than any other speaker. While he spoke previously on different subjects, he was not one to mention the media very often. Perhaps he had little reason to.

Objective observers would likely look back at the Davis years and conclude that Bill Davis faced a kinder and gentler press than we know today. Or perhaps he was a beneficiary of Richard Needham's tongue in cheek belief that "Newspapers go to great pains to give honest, accurate accounts of the lies told by politicians." Now Mr. Davis may, or may not, tell us, that that was or was not, the case. But it may well be that his own calm and patient demeanour helped bring about media coverage that was lower-key and less confrontational. After all, one would not expect a lot of crisis or controversy in the media about a man who was variously described as Buttermilk Bill, Bland Bill or Brampton Bill Davis.

Mr. Davis described his own relationship with the media as relatively calm. This is in contrast to Tom McMillan, when he was a federal conservative cabinet minister and commented on the criticism to which public officials are subjected bluntly saying, "The reputation of Jesus Christ himself could not withstand the kind of abuse the media heap upon anyone who rises above the rank of water commissioner" (1991).

Perhaps Bill Davis' attitude toward the media was part of his own success. I can tell you on reliable authority that he was not all-consumed by his own media coverage. When he arrived at the office, he would ignore what was on the front page of the newspaper, even if it was about him, and turn immediately to the sports page to see how the important things in life were going, like the Blue Jays and the Argos. In this habit, he was like the American Chief Justice Earl Warren who concurred in saying: "I turn to the sports pages first, which record people's accomplishments. The front page has nothing but man's failures."

And so, Bill Davis with his ever-present pipe, his so-called rural residence in Brampton and a great ability to keep everything in perspective, weathered the storms of political life and the ups and downs of media coverage in a way that few others have.

Mr. Davis served 25 years as a member of the Ontario Legislature. He was a long-time Minister of Education and he served 14 years as Premier of Ontario, creating a record of accomplishment that earned the trust and admiration of many in Ontario including many in the media.

Today, he is counsel to the law firm of Tory, Tory, Deslauriers & Binnington, a director of many major Canadian corporations, and someone who is regularly called upon by the leadership of this province and this country for his sage and balanced advice.

We are fortunate in having Mr. Davis with us. In creating the Media and Society series, we wanted a speaker with not only political experience, but also with sufficient distance from that experience in his life to be reflective about what the media and political relationship was all about. In short, we wanted a person who might offer us some wisdom.

Please welcome our former Premier, one of Canada's most distinguished statesmen, The Honourable William Grenville Davis.

## William Davis

The only reason I would have accepted the invitation to speak about journalism today—on the record and in public—is because I remain, as I have always been, an unrepentant optimist. That kind of optimism is an essential ingredient, not only of being a Conservative these days, but it is also essential if one is to look with any confidence to the future of journalistic practice. For today's purposes, I will not reflect on which vista is brighter—except to say that I am optimistic about both.

The evolution of industrial democracies in the West has made media into a business tied to advertising rates, frequency levels, cost-per-thousand ratios and production-cost constraints. The recent recession has tightened the belt around many media organizations even more firmly. Journalists and journalism are not immune to the impact of all this—not immune to both the constraints and opportunity pressures all this implies.

The demise in major and even smaller markets of the independent media or print enterprise has also radically changed where and how journalists work and ply their profession. Critics of news coverage or media practice are often a little insensitive to the broader economic realities that now define the journalistic workplace. None of these conditions are particularly new—and none are necessarily oppressive or negative.

It also strikes me that the advent of instant news all day everyday has moved the print medium into an essentially analytical role—a role often more focussed on opinion and comment rather than news and facts.

The issue here is not the nature of those opinions—or even the broader question of bias—but rather the movement of an entire segment of media from simple reporting of the facts to a mix between reportage, analysis, opinion and comment. In a free society this represents a qualitative change over the last two decades that is, regardless of the market forces that may have caused it, worthy of note.

The distinction between what is clearly comment and what is news will blur on occasion—but that is simply human nature. It is my own recollection of public life that some newspapers could be with you on the editorial pages while eviscerating you in the headlines. Others could be with you or "agin you" from the headlines right through to the obits and sports with absolute and total consistency. It was my great pleasure in public life to experience all of the above.

But the blurring of opinion, analysis and fact is not, on balance, a great thing. If all facts are relative—then the basis upon which we understand each other and how things work in a free society can also become a little relative, a little loose, a little less than precise. Think about that not in the context of folks who are grounded in the Canadian way of life, but from the perspective of new arrivals who are learning about their new country largely from the public media. It does give one pause.

It also makes one reflect on the many causes of gripping public cynicism that are not media-related and the one or two that are. In a general sense, the media are still the eyes and ears of most people relative to their community, their profession, the business world, their country, their government. The media is not, therefore, just another business. It is one with an awesome responsibility—and quite frankly, one about which we do not talk publicly quite enough—which is why this series is so welcome an event.

Before taking a look at some concerns allow me to offer a broad overview. The journalistic profession, like any other profession, cannot be any stronger than its weakest link and, because it has no self-regulating or peer-review process, it can do precious little about those weak links. As such, and despite that problem, it does extremely well at a job that by its very definition is prone to controversy and mixed reviews.

The Canadian viewpoint on international issues is respected worldwide as largely unfettered by ideological hangups or secondary agendas. It is a reputation on foreign affairs which is richly deserved and hard won.

On domestic issues, it would be my bias that the media tend to reflect the regionalization of the country and the swings in public mood. One prominent TV editor once confided to a friend in fact that if the audience has a huge problem with a particular politician or issue, one had to reflect that anger in order to stay alive and relevant. The impact of a many-walled mirrored room reflecting back on itself, impressions it itself had created, is a little troubling—especially because it quickly becomes unclear where the impression began in the first place.

I believe media should be able to separate reporting the facts from reflecting the opinion swing of the day. They surely have the right to do both—but should do so more separately and in clearly-marked compartments.

Coverage of business issues has improved massively in the last decade; coverage of politics is still given to peaks and valleys but overall it is fair. If I have any concern, it is the obsession with gossip and marginalia and the increasing use of unnamed sources whose own agenda is rarely shared in any way with an unsuspecting public.

Overall these are quibbles on a job that is well-done in one of the most media-intense environments in the world.

But let me now pass on to a problem area or two. I can think of little that is more tempting, and for someone of my Methodist principles, therefore more dangerous, than inviting a former politician to address the impact and state of journalistic practice. As the essence of Methodism is the resistance of temptation, I intend to operate within a framework of some considerable restraint. Indeed, were I to offer a weather report—purely from the vantage point of a citizen observer of the journalistic climate today—in our country, south of the border and in the U.K., the verdict of the main street Brampton weather service would simply be: "overheated."

While many Conservatives are hard-pressed to attack anything entrepreneurial, my own rather less-conservative and more-progressive view is that entrepreneurial journalism, which is always overheated and overwrought, is in some quarters rapidly replacing the journalism of substance, the journalism of care, the journalism that used to count.

Whether it is the tabloid shows in the U.S., or their imitations here, whether it is the present Whitewater phenomena in the U.S. or the feeding frenzy approach taken in Canada to election coverage, whether it is the insatiable appetite of all news broadcasters for low costs, repetitive gossip and marginalia masquerading as news, I leave to others more learned in the media arts to sort out.

What I do know is that public cynicism about the media is at the same level as cynicism about politicians which means that not only are those who try to govern responsibly and honourably at a profound disadvantage but so now are those who try to cover and analyze the newsworthy events in an honest and fair-minded way. Unless I am missing something, this state of affairs can only help the dishonourable and dishonest in both public affairs and the media by creating a broad public context in which there is apparently no difference between the honourable and the dishonourable.

If a society is broadly perceived to be devoid of honest men and women who enter political, business or community life for the right reasons and if the media sector is unable, unwilling or unlikely to discern the difference then, by definition, the only true media mission is that of finding the self interest that must invariably be there.

Now, for a media corporation to make the pursuit of venality, the sine qua non of success and advancement is only as bad as making entertainment and news roughly indistinguishable from each other. The Americans are particularly good at this and, inexplicably, we seem to have many Canadians who otherwise might see themselves as serious nationalists, desperate to replicate the searing shallowness and sensationalism of some American practitioners.

The boorish and over-opinionated open-line radio host, who usually has never tried the phrase, "I don't know" even once, often finds counterparts, now, in malicious print columnists and practitioners who make character assassinations and "guilty, until proven innocent," the operative rule for the treatment of anyone in public life. No wonder litigious activity is increasing.

Disposable facts, disposable sources, rumours and innuendo are not so quietly engineered into disposable reputations and careers. Gamesmanship with people's lives, with the facts, with fair judgments, with any notion of balance, can become common place. It happens in business; it happens in government; it happens in journalism.

And the contrast between the sadness, despair and cynicism spread by dark journalism vs. the journalism that informs, inspires, imbues and leads must not be lost on any of us.

Nor must we believe that any of this is new. When governor Al Smith called the endorsement by the Hearst papers of his gubernatorial challenger, Ogden Mills, the kiss of death, he knew of what he spoke. Public antipathy to a general media view or bias has fuelled many politicians—from Harry Truman to George Wallace, from Rhéal Caouette to Preston Manning.

Do I have any solutions to offer? Well precious few.

At the outset, the marketplace will sort some of this out. Quality journalists will leave places where they are not allowed honourably to do quality work. The proliferation of broadcast options will allow people with education and judgment to turn off the cheap, ill-considered and sensational, while the seasoned, fair-minded and balanced get more high demographic viewers or readers who attract either more subscribers or advertising dollars.

The sensationalized, the dishonestly-investigative, the-tabloid-as-life people will find smaller audiences, less impact forcing them into more sorry indulgences and excess to survive.

As for journalism as a profession—well that is for journalists to decide. Organizations like the Law Society of Upper Canada, the College of Physicians and Surgeons, the accounting institutes and others set standards for themselves, however imperfectly. Only journalists can decide whether they wish to set standards of practice for their own profession—without question a difficult task indeed.

Yet, if journalists do not, then there is no one else in a free society who will or should, at which point the invisible hand of the marketplace will allow standards to be set—some very very low, and some quite high—and in a pretty ruthless way. But, like many journalists, I do not trust the "invisible hand" in business or politics and journalistic standards. Often, greed and self-interest can push the invisible hand into places it should not be. That, as I say, is for journalists and those who care about journalistic excellence to sort out.

As one voice from main street Brampton, I am hopeful that the profession does act and does sort it out before the possibility of standards becomes highly improbable in and of itself. That would be a tremendous loss to freedom, to informed discourse, to civility and the quality of our democratic, business and intellectual life as a society. Quite simply, it is a loss we cannot afford.

The operation of a modern industrial democracy requires that those who purvey information provide information that is, in fact, not a judgmental distortion of reality and fact, but as close to accurate as humanly possible—or else a society can quickly, with the persuasiveness of modern media, be thrown off balance.

Since much of our marketplace economy, much of our voluntary compliance with laws and norms and customs of civility reflect common understandings, those who purvey information that puts bias ahead of fact only contribute to the ultimate instability which excessive misinformation brings.

Totalitarian administrations often move first to crush religion and the free media to ensure compliance with the fundamental injustice of what they are seeking to do. To keep a population off balance, you need to obscure the truth, or at least distort it massively.

So while excess and distortion may, today, have less evil and more careerist roots—none of us should doubt their long-term effect and danger. Democracy is at the best of times quite fragile. At times of rapid economic and social change, it is especially so. A fragility all of us who care about public life should never take for granted.

So, I end on a positive note. As an eternal optimist, something someone of my political persuasion must be, I believe journalists will act in a way that will bring peer pressure in favour of standards and against dishonesty and dark-side journalism.

Publishers and broadcasters will be pushed by audience pressure to consider the high road.

On balance, the quality and tone of substantive journalism will improve and those publications and broadcasts that reflect that tone will gain support from readers, viewers and listeners.

Politicians will, of course, be the last to stop complaining, except for former politicians from Brampton who will seize the moment to herald the change for the better.

The appreciation of the meeting was expressed by Francoise Bertrand, Presidente-directrice generale, Societe de radio-television de Quebec and Co-chair, The Canadian Journalism Foundation.

Mr. President, Mr. Davis:

It was an honour for us to have you as the first speaker in our series of four conferences by The Canadian Journalism Foundation and The Empire Club. At a time when democracy is more important than ever, reflection and discussion on media is an important activity if we want to not only keep democracy but to improve democracy.

Your presence here today starting this series is a great honour, a great privilege. You've told me privately that you don't make any public appearances to speak except on issues concerning Canadian unity. Your involvement and reflection on media is certainly a gesture in favour of Canadian unity, because democracy certainly needs the checks and balances between audience, public, politicians and media. It has to be interactive as we wish sometimes television could be.

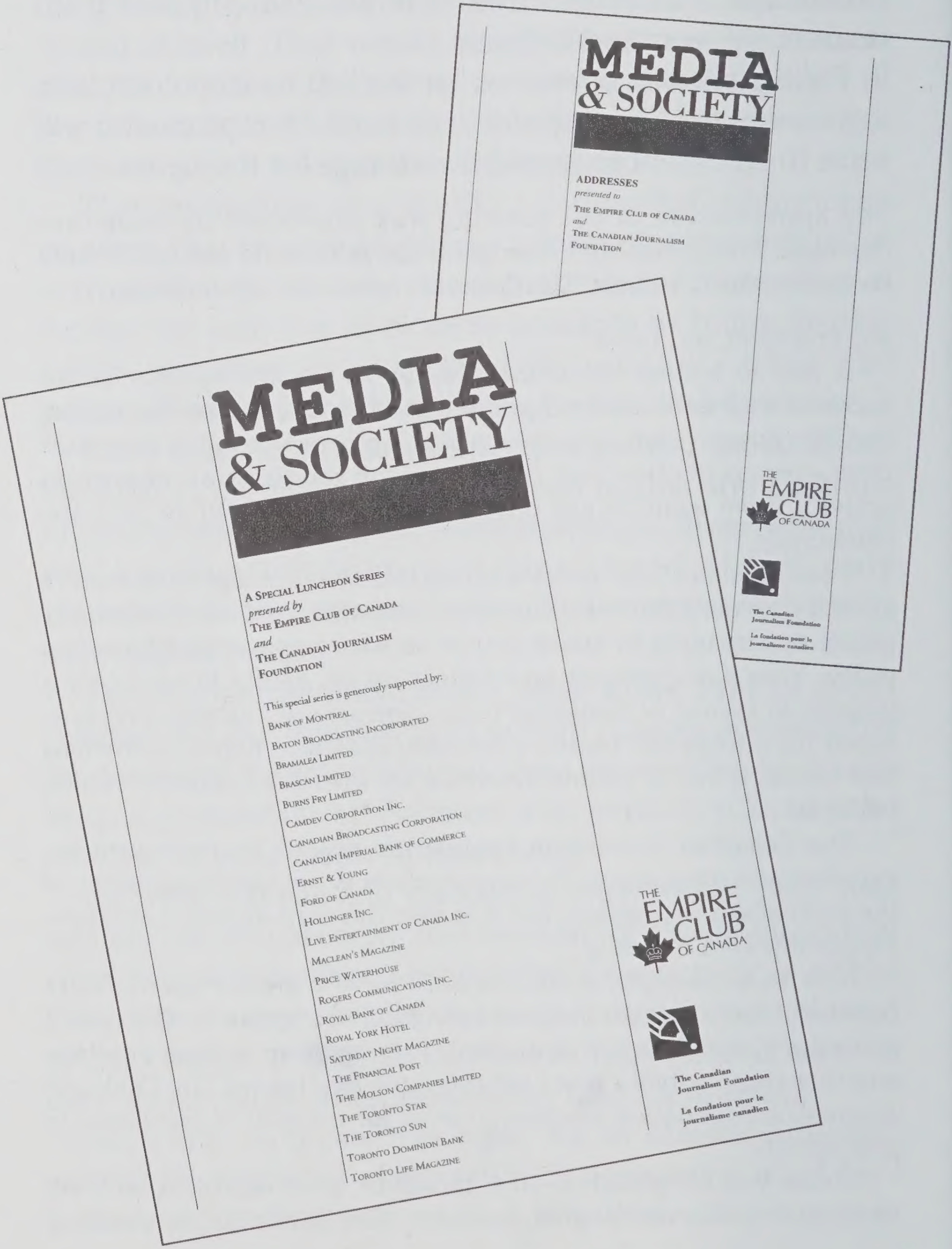
The Canadian Journalism Foundation has, as its main priority, excellence in journalism. To us journalism is not simply a matter of the journalist's profession, but it is also the responsibility of all the people involved in media.

Now as a manager of the media, I have a great responsibility because I have the privilege of being able to speak to the public everyday through my organization. It is because of that privilege and that responsibility that I accepted the Co-chair of The Canadian Journalism Foundation position to work for the goal of excellence in journalism.

Thank you for giving us your thoughts, your experiences. I will remember your words as I co-chair The Canadian Journalism

Foundation—optimism, a positive way of approaching things, care, kindness, dedication and national unity. In Quebec that will be an important question, and if it is for Quebec, it is for Canada as well. And I will remember that in order to get the message through, humour and discretion are important.

Thank you very much.



MEDIA
& SOCIETY

ADDRESSES
*presented to*
The Empire Club of Canada
*and*
The Canadian Journalism Foundation

THE EMPIRE CLUB OF CANADA

The Canadian Journalism Foundation
La fondation pour le journalisme canadien

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THE EMPIRE CLUB OF CANADA

The Canadian Journalism Foundation
La fondation pour le journalisme canadien

April 8, 1994

# The Rt. Hon. Sir Patrick Mayhew

Secretary of State for Northern Ireland

# INVESTMENT OPPORTUNITIES IN NORTHERN IRELAND

Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

**Head Table Guests**

Sam Billich, Life Underwriter, Prudential Assurance Co. Ltd. and a Director, The Empire Club of Canada; Catharine Graham, Chairman, Ireland Fund of Canada; The Rev. Canon Harold Roberts, Rector, St. Timothy's Church, Agincourt and a Past President, The Empire Club of Canada; Thomas H. Savage, CBE, Principal, Hixon-Savage & Associates and Chairman, The Northern Ireland Partnership; Jean C. Monty, President and CEO, Northern Telecom Limited; Peter D. R. Davies, Consul General for Britain; Montague Larkin, Chartered Accountant, a Past Chairman, Royal Commonwealth Society and an Honorary Director, The Empire Club of Canada; Eithne Heffernan, Chairman, "The Spirit of Ireland," Musician and Harpist of Distinction; Edward J. McConnell, OBE, Vice-Chairman, Barclays McConnell Limited and Canadian Observer to the International Fund for Ireland; The Hon. R. Roy McMurtry, Q.C., Chief Justice, Ontario Court of justice.

## Introduction by Dr. Jackman

Ladies and gentlemen, Sir Patrick, we are all pleased that you would visit with us on your brief tour in Canada. We are particularly pleased to be able to host you in this most British of hotels—The King Edward.

As you may know, Sir Patrick, the mission of The Empire Club is to promote, through discussion, the interests of Canada and the British Commonwealth. As members of the Commonwealth, it is particularly painful to witness "The Troubles"—the violent hatred that has stained Northern Ireland for a generation.

It is also true that there is "a little Irish in all of us." Here in Toronto, we see it in street and subway names, like St. Patrick just a few blocks from where we sit today. We see it in the quantities of green beer that were being quaffed all over this city just three weeks ago.

And we see it every year in the community's support for the Ireland Fund of Canada. This fund was begun by Hilary and Galen Weston just a few years ago, and raised over $100,000 this year for the purpose of assisting charity and culture and the promotion of peace in all of Ireland. Similar Ireland funds exist in six other countries—U.S., Australia, France, Germany, Great Britain and New Zealand. So you see, the Irish are just about everywhere.

Ladies and gentlemen, The Right Honourable Sir Patrick Mayhew, Q.C., M.P. was born Patrick Barnabus Burke Mayhew in 1929. He was educated at Tonbridge School and Balliol College, Oxford. After completing his national service, he was called to the Bar by the Middle Temple in 1955. He was appointed Queen's Counsel in 1972. He is married and he and his wife Jean have four sons.

Sir Patrick, brings 20 years of elected political and cabinet experience to his present portfolio. His political career dates to 1970, when he contested, unsuccessfully, the riding of Camberwell-Dulwich. (And Sir Patrick, I should tell you that you and I have shared that particular experience).

Unlike me however, four years later you were successfully elected the Conservative Member of Parliament for Tunbridge Wells. Ladies and gentlemen, Sir Patrick became a member of the Executive of the 1922 Committee from 1976 to 1979 and was elected Vice-chairman of the Conservative Home Affairs Committee in the House of Commons during the same period.

Following the general election of 1979, Sir Patrick was appointed Parliamentary Under-Secretary of State at the Department of Employment and in 1981 was promoted to Minister of State at the Home Office. He was made Solicitor General in 1983, the same year in which he was knighted by Her Majesty, Queen Elizabeth II. In 1986

Sir Patrick was named a Privy Counsellor and the following year he was made Attorney General for England and Wales and for Northern Ireland. He received his present appointment as Secretary of State for Northern Ireland following the general election of 1993. We applaud your personal courage in accepting this opportunity and wish you good luck as you fulfil your duty.

News reports now suggest that a negotiated settlement in Northern Ireland may be near. We look forward to hearing our guest's insights into the current state of the conflict in Northern Ireland and the possibilities for peace. Please join me in welcoming The Right Honorable Sir Patrick Mayhew.

## Patrick Mayhew

Mr. President, Chief Justice, ladies and gentlemen, it is a delight and an honour to be present among so distinguished a gathering, assembled at the historic Empire Club of Canada. I feel a great sense of diffidence as a successor to an immensely long line of speakers of such eminence. It is a great privilege for me but also a most welcome opportunity to salute The Empire Club, and in particular to salute the Ireland Fund of Canada and those who support and work for it, many of whom I know to be gathered here today.

To raise money for the relief of poverty, distress and suffering; for the advancement of education; for the promotion of peace, culture and charity throughout Ireland, North and South—these are noble aims. They fit so well, also, with those of the historic Joint Declaration issued by our own Prime Minister and the Taciseach, Mr. Albert Reynolds, on December 15, 1993.

Reading the Ireland Fund's journal, I was particularly struck by the analogy drawn by Tony O'Reilly between your own patient work and the epic endeavour of Christopher Columbus, who entered in his log day after day "saw no land, sailed on." It is that dedication to a vision which drives you and which drives many of us to play our part in the search for a peaceful resolution of Northern Ireland's problems, deep-rooted though they are but in my confident belief certainly not intractable, although they still occasion episodes of the most repellent brutality of which Belfast witnessed another on Tuesday night.

Naturally I want to take this opportunity to address issues that are of direct interest to the business community: namely, Northern Ireland as a location for inward investment and our employment policies. But I am sure that, first, you would expect me to say something about the political context for each of these.

History still looms large in Northern Ireland. Mistakes and worse have in the past been committed on all sides. But my concern is with the reality of the present—two traditions with differing national identities and aspirations, that have yet to find the art of living in tranquillity together, of developing what they have in common and of drawing strength from their diversity rather than dwelling upon it with mutual animosity. At present a numerical majority in Northern Ireland feel themselves to be British and want to remain British. A sizable minority aspire to a United Ireland and look towards Dublin as representing their identity. There are many Catholics who, in the words of the Father Faul of Dengannon, a reliable spokesman for nationalist supporters, are in no hurry to see a United Ireland.

People belonging to each tradition are to be found in all parts of Northern Ireland. It is worth remembering that in some parts of the world divisions such as these have led to conflicts which put our own in a more proportionate perspective than it sometimes seems to have to those of us in close and daily proximity to it. Bosnia and Cyprus are good examples, in both of which theatres incidentally, Canadian troops serve alongside their British counterparts in the cause of keeping the peace. But I am firmly and rationally hopeful for the future of Northern Ireland—for a host of reasons.

First the two governments concerned stand shoulder to shoulder, in the cause of securing that political differences are not addressed and sought to be resolved by violence. They are determined to help the main constitutional parties secure a political settlement and to bring to an end the scourge of terrorism, and to do so without making any concession to violence. We are as one in this.

Our Joint Declaration epitomizes the two governments' approach. It is a declaration of principle, and a declaration of political reality. It stands for peace, democracy and consent. It rejects coercion and violence. It specifically recognizes the aspirations, and it promotes the interest, of both traditions in Ireland—without calling for the compromise by either of any essential principle.

As such, it surely constitutes the soundest of platforms for the ongoing process of political talks. In this the two governments, and all democratic parties in Northern Ireland, have the opportunity, and to set themselves the goal, of reaching the comprehensive settlement to which I have referred. It is a settlement that must cover all three key relationships if it is to achieve the wide agreement it needs in order to be durable; those within Northern Ireland; those between the north and south of Ireland; and those between the two governments. The declaration is not in any sense in competition with those talks. They have been in progress since March 1991, in one format or another. Much work remains to be done, but when divisions have roots as deep as ours in Northern Ireland, it is essential to keep patience and never lose heart. For our part I give you this assurance: We are going to persevere.

Another cause for rational hope—and the most important—is to be found in the people of Northern Ireland themselves. I shall say more about their great qualities in a moment. But in a recent opinion poll commissioned by the BBC and the Irish Independent 85 per cent of them said the IRA and Sinn Fein should give up violence and join in political negotiations—only four per cent said they should not. Mr. Adams, who professes to be a democrat, should heed the people. It is their will which is going to prevail. It should prevail at once and on a permanent and not a temporary or conditional basis. In no way at all can the threat of continued violence be justified by any claimed need for clarification of the Declaration. Both governments have gone to great lengths to explain both what is in the Declaration and, no less importantly what is not in it. Sinn Fein's claim for clarification has, incidentally, never been made specific.

Two days ago Sinn Fein's spokesperson was repeatedly pressed by journalists to identify any area which was in need of clarification. She firmly refused to do so. Small wonder. To attempt to do so would simply attract ridicule and scorn. Is it for this, the world would say, that you justify going on blowing people, including children, to bits? Mr. Spring has dismissed the claim for clarification. Mr. Adams must be disappointed that so few, on either side of the Atlantic, are proving gullible enough to give it credit.

In any democracy nobody who has perpetrated violence for political purposes, or has justified its use, can expect to be brought into discussions if they refuse to foreswear such violence for the future. Otherwise, those who do submit themselves to the disciplines of constitutional politics would be fatally undermined. We must send no such signal, and offer no such reward to terrorists of any kind. Were we to do so, men of violence the world over would take heart. Canada would be no exception in experiencing this response.

The Provisionals have their opportunity to take part in political dialogue—provided that they give up violence for good and join those parties who adopt exclusively democratic methods. The Joint Declaration once more makes that plain. I hope that they will take that opportunity. We shall not change the lock on the door which leads to the conference table, but the key is in their hands. If they do not turn it in the lock, the political process will go on. Northern Ireland will move on—with or without Sinn Fein. Nor could Sinn Fein by any means count on holding their already meagre vote in such circumstances. Business will go on, too, and I believe from strength to strength.

Which now brings me on to the economy—an economy that, in this period of recovery, is growing more rapidly in Northern Ireland than other parts of the United Kingdom. Northern Ireland has an increasingly favourable reputation as a successful and profitable manufacturing base. This is nowhere better illustrated than in the notable success recorded recently by Shorts Brothers. That company has benefited immensely from their relationship with their new Canadian parent Bombardier. They are the oldest aircraft manufacturers in the world, and they have benefited mightily from being brought into the private sector as an arm of Bombardier's business.

Just as good witness to the attractions of Northern Ireland is to be found in the experience of Northern Telecom, employing nearly 1,000 people there in high communications technology. The skills and talents that have contributed so much to the success of Shorts—and of many other local enterprises—are also increasingly attracting companies from continental Europe, Asia, and North America. Their products—which range from medical devices, computer software and video cassette recorders to automotive components, and electronic chips—are exported to virtually every corner of the world.

We greatly value such investment and are constantly searching for more. In the financial year just ended, for example, our Industrial Development Board helped to bring to Northern Ireland almost 2,000 new jobs and $220 million of industrial investment. Over the past five years overseas companies have invested over $1 billion in Northern Ireland. These have included many American companies—including Fruit of the Loom, Seagate and Valence Technology. North American including Canadian-owned companies now employ 17 per cent of all those engaged in manufacturing industry throughout the province. You can visualize so well, I know, the influence for good that this represents, politically no less than economically.

But why has Northern Ireland's recent investment track record been so impressive? Some of the best people to ask are the executives who have moved to Northern Ireland to run these overseas plants. I spend quite a lot of my time touring Northern Ireland and talking to such people. They tell me that not only do they find Northern Ireland a highly advantageous business location but it is also a place where they and their families can enjoy a lifestyle rivalled by few other countries in a green and pleasant environment.

Not many people know, for example, that Northern Ireland has the lowest crime rate in the U.K. and one of the lowest in the Western world. Despite the media portrayal, those who visit or invest in Northern Ireland soon come to realize that the impact of the emergency does not impinge significantly on their businesses when set beside the many advantages. But then, Northern Ireland is invariably a surprise to those who come to it for the first time.

There you will find an education system that produces more high flyers proportionately than anywhere else in the United Kingdom; excellent research facilities at the universities and a close rapport between them and industry; a health-care system second to none; low housing costs resulting in high disposable income; unrivalled leisure opportunities, and a high-quality infrastructure, especially in transport and telecommunications.

Corporate taxes, which are the same as in the rest of the U.K., are amongst the lowest in Europe. Our Industrial Development Board can also offer potential investors a wide range of financial incentives. We have one of the most flexible packages of financial assistance in Europe, with grants of up to 50 per cent, covering areas such as training and exporting which are key to business success. A low-tax economy, combined with the other incentives which Northern Ireland can provide, makes Northern Ireland an extremely attractive place for overseas companies to invest in, and we find that it is those who actually try it who become our best ambassadors.

But perhaps our biggest asset is people. Northern Ireland offers a first-rate work force, educated and flexible, and a forward-looking pro-business environment. This is something we work very hard on. In Northern Ireland, where unemployment has been a perennial problem, people literally get on with the job; our industrial relations record is excellent.

Call it the Northern Ireland work ethic if you will. The fact is that energy and drive, coupled to technical skills, have meant that Northern Ireland's work force has shown, time and time again, that it can produce quality products which can compete with the best in the world's marketplace.

I spoke earlier about the Joint Declaration—and its commitment to promote the interests of both traditions. Nowhere have we been more determined to fulfil this commitment than in the field of fair employment. Discrimination on the ground of religious belief or political opinion is illegal. In the Fair Employment Act of 1989 we have the strongest anti-discrimination legislation in Europe. It is making significant inroads, necessarily gradually, into the imbalance between the two communities' participation in employment.

The legislation obliges firms to monitor the religious composition of their work forces, and to take affirmative action to correct imbalances in clearly-defined circumstances. There is a Fair Employment Tribunal to adjudicate on complaints of alleged discrimination, with powerful sanctions available to it. But we remain firmly opposed to any form of "quota" or reverse discrimination, both of which would be counter-productive.

Of course you here in Canada are familiar with this sort of approach, having had such legislation in place for years. But alongside the legislation, of crucial importance in reducing disparities in employment is new investment; the creation of new jobs. That is why I was so very pleased recently by the "Call" from the leaders of the four main churches in Ireland, and their counterparts in the United States, for fair employment to be linked to investment in Northern Ireland. That is the way forward, in contrast to the McBride campaign which highly significantly is supported by one of the Northern Ireland political parties and one alone—Sinn Fein. It is my hope that the "Call" will be taken up by the many friends of Northern Ireland on this side of the Atlantic to the benefit of both traditions in the province. Not only is this something inherently right in itself, it will lead to the reduction of those areas of special disadvantage which are such prolific recruiting grounds for paramilitary organizations of whatever character.

Mr. President, I hope I have been able to impart to this distinguished gathering my own strong sense of rational hope for Northern Ireland and all its people, and a no less strong sense of our determination. People, from both traditions in Northern Ireland, especially the young, are determined to work together for the future. They are not going to turn back now.

Our long-standing ties with Canada, which we value enormously, play a very important role in this process. My short time here convinces me that that relationship will continue to prosper, for I have met, from businesses, from journalists, from Government, the fullest degree of understanding both of the challenges that confront us and of the confident and determined responses we are making. To that understanding it is my earnest hope that I may have contributed a little more today.

The appreciation of the meeting was expressed by Montague Larkin, Chartered Accountant, a Past Chairman, The Royal Commonwealth Society and an Honorary Director, The Empire Club of Canada.

*Catharine Graham, Chairman of the Ireland Fund of Canada, welcomes guest speaker Sir Patrick Mayhew, British Secretary of State for Northern Ireland, with Club Secretary Willis Blair.*

April 14, 1994

## Knowlton Nash

CBC Broadcaster; Journalist and Chair, The Canadian Journalism Foundation

# THE MEDIA'S ROLE IN SOCIETY: THE MEDIA VIEWPOINT

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Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

### Head Table Guests

Rob Davis, Councillor, City of York and a Director, The Empire Club of Canada; Christine DaSilva, grade 12 student, Bloor Collegiate Institute; Avie Bennett, President and CEO, McClelland & Stewart Publishers; Donna Logan, Vice-President, Media Accountability Canadian Broadcasting Corporation; John Ferguson, Senior Vice-President, Corporate Communications and Public Affairs, Canadian Imperial Bank of Commerce; Nona Macdonald, Past President, The Empire Club of Canada; Douglas Bassett, President and CEO, Baton Broadcasting Incorporated; Carlyle Dunbar, Financial Journalist and Honorary Director, The Empire Club of Canada; The Rev. Wolf Belzing, Pastor, First Evangelical Church; Mary Byers, Author and Historian and a Director, The Empire Club of Canada; David Jolley, Publisher and President, The Toronto Star Newspapers Ltd.; Anthony Manera, President, Canadian Broadcasting Corporation; The Hon. Barbara McDougall, Former Secretary of State for External Affairs, Governor of The Toronto Stock Exchange, Director of several companies and an International Consultant.

### Introduction by Dr. Jackman

Ladies and gentlemen, it is one thing to watch Mr. Nash perform every weekend on CBC-TV, it is another to have him with us live. We are particularly glad that you have returned to The Empire Club after an eight-year absence. In 1986, you told us about Television News—History on the Run. You spoke then to the combined audiences of The Empire Club and The Royal Commonwealth Society, who together had selected you as their distinguished speaker to celebrate the Dominion of Canada Day celebration. Now you return as the Founding Chair of The Canadian Journalism Foundation to participate as the second speaker in our special series Media and Society. We welcome you.

Knowlton Nash was born in Toronto in 1927 and attended public and high school here in Forest Hill. He went on to study at the University of Toronto before launching himself in his chosen career.

I'm sure it will come as a surprise to you, as it did to me, to learn that Canada's most venerable newscaster began his career as a nineteen-year-old sports writer for the Globe and Mail. He also edited a fiction magazine. In 1947, at war's end, he edited a weekly newspaper in Toronto before joining the British United Press News Service that same year, serving as Bureau Manager in Halifax, Vancouver and Toronto.

At 24 (1951), Knowlton Nash was on the move again, this time to Washington as Director of Information for the International Federation of Agricultural Producers. Now, lest you think he spent his time touring America's rural heartland, let me assure you that the key word here was "international." Mr. Nash spent his time in such noted agricultural communities as Paris, Rome, London, New York. He also represented the IFAP organization at the United Nations.

Finally, in 1956, having now covered subjects ranging from hockey pucks to "cow patties," Knowlton Nash was ready for the CBC.

He began as a freelance reporter travelling on assignment to virtually every corner of the world. Appointed CBC Washington correspondent in 1961, he reported for both radio and television news and public affairs programmes until 1969 when he became CBC Director of News and Public Affairs. It was during these years that Mr. Nash became privy to President Kennedy's opinions and antipathy toward John Diefenbaker and the feeling was mutual. The saga of their relationship is told in the fascinating book Kennedy & Diefenbaker: *The Feud that Helped Topple a Government* published by McClelland & Stewart (1991).

In 1978, now aged 51, Knowlton Nash was named Chief Correspondent and Anchor CBC-TV, a position he would hold for 10 years. He handed the position over to Peter Mansbridge in 1988 in what you will remember as one of the most decent and generous acts a Canadian could do by offering a colleague and his country, his job. To entice Peter Mansbridge from the American CBS multi-buck deal, Knowlton Nash said to Peter, "You take my job—it's the best job in television journalism you'll ever find." Peter accepted, Knowlton wrote another book for Avie Bennett and the rest is history.

Knowlton Nash has travelled the globe many times over. Had frequent flyer points been in vogue from the beginning of his career, he would be able to take everyone in this room as his guest on the dream vacation of a lifetime. He has interviewed Canadian Prime Ministers Pearson, Diefenbaker, Clark, Trudeau, and Mulroney; and U.S. Presidents Eisenhower, Kennedy, Johnson, Nixon and Reagan. He has covered elections, international crises, revolutions, civil wars and famines.

He is a noted author of five books, all written in the last 10 years. They include *Prime Time at Ten*, which looks at his years on The National and news broadcasting in Canada, and *History on the Run*, an account of his years as a foreign correspondent. This fall Mr. Nash will publish, the McClelland and Stewart *History of Public Broadcasting* with the CBC. Not only is Mr. Nash a superb deliverer of television news, but he is a magnificent writer whose real life stories are hard to put down.

And finally, our speaker has been active in many press organizations over the years. Today, he chairs the Canadian Journalism Foundation, an organization whose mission is to enhance the quality of Canadian journalism. It is due to his sustained leadership that the "CJF" has flourished.

As a founding governor of the Canadian Journalism Foundation, it has been my distinct pleasure to work with Knowlton Nash for the past six years. It is also my pleasure to introduce him to you.

Ladies and gentlemen, please welcome Mr. Knowlton Nash.

## Knowlton Nash

Never before has journalism and have journalists been under such intense scrutiny as they are today. The media are a "hot topic" and getting a lot hotter. The reason is really fairly simple. It's because life has become so complicated—our politics, our economy, our social environment have all become so complex, so interrelated, that it's hard for the citizen to make head or tail of what's going on. And what is going on, say in Japan or Germany, let alone Ottawa or Vancouver, can very often have a very direct effect on our own national economy or personal business.

So the media's role is to provide the agenda of the day's happenings—the news most important and most relevant to you—the details, the significance, the background. And also our role is to not only chronicle the past and the present, but to signal the future, to look for trends and implications.

Whether they read about what's happening in the newspapers, hear it on radio or see it on television, journalism is basically how members of a modern democratic society keep in touch. It's the prime, cohesive factor in creating, nourishing, adjusting and sustaining a democratic society.

Now, I have to admit that our journalism today is hasty. It's incomplete, sometimes inaccurate, occasionally misleading. The media are imperfect, but they are also an absolute necessity.

I believe that journalism—this imperfect necessity—is the hinge of democracy. It's the only way we're going to find out about the events and issues that dominate our lives. Without journalism, there would be a universal sense of uncertainty because people simply wouldn't know what was going on.

My basic points are these: First, I believe the media are the adhesive that holds together a democratic society. And second, although under increasing criticism, I believe the media are doing a better job today than ever before. But I also think it's not good enough.

There are all kinds of power centres in any democracy: the judiciary, the government mandarins, the elected representatives, the establishment, the business community, the unions. But to my mind, what binds it all together is the media. Only through the media can the governing communicate with the governed in any mass sense.

And there is just no other way for the mass of the people to send messages back to our governors in Ottawa, or Washington or London, other than through the media, except, of course, at election time. A real, participatory democracy today simply can't survive without a free, independent and professionally- and socially-responsible media.

And it's precisely because of that critical role of the media that society's leaders try to manipulate the media. They want to shape our reporting to their objective. Prime ministers, presidents, all political leaders, view managing the media as a vital precondition to their domination of the legislature or the Parliament, the public and the whole political process. And increasingly, corporate executives, labour leaders and social activists of all kinds, are taking the same view and seeking to manipulate the news so that their point of view dominates headlines, not somebody else's.

That's why the new business of "Spin Doctors" is thriving. The "Spin Doctors" in politics and elsewhere are usually very nice, friendly public-relations people whose job is to make a cabbage smell like a rose. They want to have the media reflect their own self-image. They prefer a sympathetic and sometimes sycophantic media, not an assertively-independent media.

Now that's understandable, but sympathy and sycophancy are not in our job specs in the media. Our role is fundamentally different. Our role is to try to reflect reality, not somebody's self-image. The media is, I think, essentially a teacher in the broadest sense of that word. Although it may sound excessively flattering, I think we're really in the educating business. And thus the media must be assertively independent, insatiably curious and maybe we are demanding. But we are, because the media are, in effect, agents for the public in trying to provide that fair reflection of reality in seeking out and providing information on what's happening, where, when and why. We report what is said, we provide some context and we may occasionally note where some leaders are economizing on truth as happens all too often.

These days, reporters do hear such a lot of manipulative rhetoric—so many statements that seem to be promises chiselled in water, especially among our political leaders. That Canadian humourist Stephen Leacock once said, "It's simply in the nature of a politician to promise a bridge in one election, and a river to run under it in the next."

People complain that the media spend too much time reporting bad news. In fact, people have been complaining about that for centuries. Sophocles once declared that, "Nobody likes the man who brings bad news." Well, nobody does, and it's true, we do report a lot of bad news. But that's because there is a lot of bad news in this world of ours. To pretend it isn't there, to be some kind of emotional cheer leader, is to fail as a journalist. Our responsibility to the public is to try to present reality, not wishful thinking. Our challenge is to strive relentlessly to come as close as we possibly can to providing that reality so people can understand and can cope with the real world around them. Politicians, business people, labour and social activists have to realize that disputing reality will never change reality. And a key part of our journalistic job is to enlarge public understanding of what for some may be uncomfortable facts.

I have to note here, incidentally, that I'm talking about news reporting—not news commentary, editorials and columns. And it's critical to recognize the difference. The purpose of a column, an editorial or a commentary is to take a position. You may not agree with it, but that's its purpose. The purpose of news reporting is different. It is, as I've said, to try to reflect reality without opinion, without bias. Some may say that objectivity is impossible and perhaps 100-per-cent objectivity is, but as a reporter you have to strive for it. You have to try to be as fair and balanced as you possibly can.

The media's role is to provide the raw material for the public dialogue. And that means the media have an enormous responsibility because a nation's vibrancy and confidence depends on its awareness of what's happening, what's changing.

Mind you, there is a lot of criticism of those of us in the media, too, and we're often accused of having delusions of adequacy.

One of the most biting criticisms that I've ever heard came from Jimmy Carter's Press Secretary Jody Powell, who said political journalists are "like those who watch the battle from afar, and when it's all over, come down from the hills to shoot the wounded." Actually, it's hard to think of a political leader today who doesn't think that way. And heaven only knows there are more than enough wounded politicians these days, and it is true that in politics, nobody stops to pick up the wounded.

But most of us in journalism are not trying to "shoot the wounded." What we're trying to do is to sift through the rhetoric of society's leaders and would-be leaders, to try to find reality. Too often, though, people in both the public and private sectors, are not so much interested in reality as they are in perception.

If we steer our lives and our country on perceptions only, then at some point we're going to have some very rude shocks when we come face to face with reality. There simply has to be room in a democratic society for things you may not like to hear—there has to be freedom for the thought you may hate.

If you look back at the front pages of 10, 20, 50, 100 years and more, what we in the media are doing today is, I believe, better than it's ever been. But, as I've said, it's still not good enough. We're far from perfect. In fact, sometimes it seems there's hardly enough mediocrity to go around.

In the competitive rush to be first, we sometimes are not as thorough as we should be on fact checking. Joseph Pulitzer was once asked what he thought were the three most important qualities for a journalist. He answered, "Accuracy, accuracy and accuracy." And he's right.

I worry also about too much emphasis on the scoopery and snoopery of the supermarket tabloids—the flash and trash journalism and bubblegum news of the so-called "Info-tainment" shows on TV masquerading as journalism. They're cheap and damaging and can be infectious. As I said earlier, I believe journalists are basically teachers, not entertainers, not panderers selling cheap thrills.

I worry, too, about cynicism of many journalists, which is something Bill Davis spoke about last week. Journalists by nature must be sceptical, but cynicism is, I think, a malign pre-judgment.

I worry that we too often look for good guys and bad guys in black and white simplicity and ignore important subtleties and nuances in complicated stories.

I worry, also, about the increasing emphasis of theatricality in the news and lessening emphasis on substance. And that's a particular challenge for television. For instance, in the American presidential election campaign of 1968, the average sound bite of the candidates on American Network TV was 43 seconds—43 seconds to outline their position on a particular issue. In the last election, it was about seven seconds. No wonder we now have sloganeering politics.

Given my background, I'm perhaps especially sensitive to television's role. And of all the vehicles of information—newspapers, magazines, books, radio and TV—clearly by far, television has the most impact on the public at large. I certainly have to say that when we have in our audience today the President of the CBC, Tony

Manera, and the President of Baton Broadcasting, Doug Bassett.

But I also have to confess the reality of television journalistic domination alarms me. I happen to think that to be well-informed, a citizen must read the newspapers, the magazines, books, and listen to radio—at least, CBC Radio—as well as watch television. Certainly, the print media can far more effectively provide the details of what's happening. But clearly, the enormous impact of television news is an irrefutable reality.

Canadians today are spending more than half of all their leisure time watching TV—an average of about 23 hours a week in front of that mesmerizing box. More than three hours a day, on average, for every man, woman and child in the country.

In Canada there are 15 or 20 million television sets—15 or 20 million electronic cannons, if you will, firing out information all day long. I think it's fair to say that Canadians and people in most democracies today are better informed than ever before because of television. It has brought the news to people who simply didn't read the papers or books before.

But for television news, that huge platform means TV has the heaviest responsibility of all the media. The bigger the platform, the bigger the responsibility. And thus TV has a particular responsibility to make our news programmes more than just chewing gum for the eyes—more than trivialized glances at important issues and events.

Television and the media as a whole basically are a mirror walking down the street and as such we must reflect reality as best we can, as accurately, as fairly, as thoroughly, as relevantly and as interestingly as we possibly can.

I can think of no occupation that performs a higher public service than serving the public's desire, right and need to know what's going on. The very survival of our democracy depends on how well journalists do their job and we all have a stake in that.

Thank you very much.

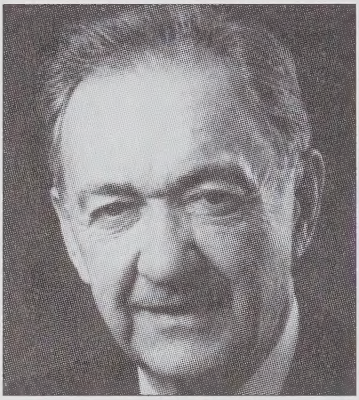
The appreciation of the meeting was expressed by Donna Logan, Vice-President, Media Accountability Canadian Broadcasting Corporation.

Knowlton, I am not sure everyone in the room agreed with you when you said that you think the media is doing a better job than it ever has done before. I'm not going to ask for a vote, but that is a somewhat-controversial statement today. However, I am one of the people who does agree with that statement and I think the media is doing a much better job. It's just that the job has become a lot more difficult and it's more difficult to do a good job. You have cited some of the things that have made it more difficult. The complexity of the world and the issues we're dealing with, the spin doctors, technology and competition.

I think it is time we talked about that in this country, and I am really pleased that The Empire Club is doing this series and that the series will be published. In doing this assignment on media accountability for the CBC, many times I have been looking for good, literate pieces on media issues. Invariably I have to go to U.S. sources because not enough has been written in this country. I am grateful to you today to begin the dialogue and you have left us with some very interesting thoughts.

I also want to pay tribute to the work you are doing with The Canadian Journalism Foundation because it is important that we talk about all of the issues that are going to get us through this period where the media is under such scrutiny.

Thank you very much.



April 21, 1994

## The Hon. Willard Z. Estey

Chairman, Ontario Press Council; and Former Canadian Supreme Court Justice

# FREEDOM OF EXPRESSION VS. THE INDIVIDUAL'S RIGHT TO PRIVACY

Chairman: **Dr. Frederic L. R. Jackman**
President, The Empire Club of Canada

### Head Table Guests

Charlie Pielsticker, President, Pielsticker & Associates and a Director, The Empire Club of Canada; The Rev. Kim Beard, Rector, St. Bede and St. Chrispin Anglican Churches; David Stewart-Patterson, Business Host, Canada AM, CTV Television Network; Paul Godfrey, Publisher, The Toronto Sun Publishing Company; Catherine R. Charlton, M.A., President, The Charlton Group and a Past President, The Empire Club of Canada; Stanley Hartt, Q.C., Chairman, President and CEO, Camdev Corporation; Jalynn Bennett, President, Jalynn Bennett & Associates; The Hon. Joseph H. Potts, C.D., Justice of the Supreme Court of Ontario and a Past President, The Empire Club of Canada; Margaret Scrivener, Former Chairman, Criminal Injuries Compensation Board for Ontario, member of the firm Martin & Meredith Limited Real Estate and Honorary Director, The Empire Club of Canada; John Clappison, Senior Partner, Price Waterhouse; Robert Lewis, Editor-in-Chief, Maclean's Magazine; Garth Drabinsky, Chairman, Live Entertainment of Canada Inc.; Harry W. Macdonell, Q.C., Senior Partner, McCarthy Tetrault; Pauline Couture, Vice-President, Alliance Communications Corp.

**Introduction by Dr. Jackman**

I am pleased to introduce the third of the combined Empire Club and Canadian Journalism Foundation special meetings on Media and Society. Our series on the media began with The Honourable William Davis, who gave us the statesman's view of the media. Last week Knowlton Nash addressed the Club, providing us with the media's own point of view on itself.

For the average Canadian, the law until recently seemed to be one of the most exclusive professions. Until the media brought the courtroom into our living rooms, the legal process seemed almost incomprehensible to the non-lawyer.

In fact, eight years ago Mr. Justice Estey last addressed this Club. He chose then to help us understand the complexities of the Ontario Legal System and how much it cost the taxpayers.

More recently, with the advent of the televised trial, the live coverage of inquiries and commissions and with the "legal" TV dramas, the average Canadian can now become an armchair lawyer, quarterbacking the cross-examination of intransigent witnesses.

Consider the television series "L.A. Law," and what it has made us believe about lawyers, judges, and trials—each show lasted 58 minutes—and that is exactly how long it took to conduct an entire trial, complete with a jury and, more importantly, a final judgment. No matter how complex a case was, it took those L.A. lawyers only 2.5 minutes to do their final arguments (and they were always brilliant), and 1.8 minutes to break a witness on cross-examination. When it came time to make a decision, the L.A. Law juries needed only one commercial break. The L.A. Law judge needed no commercial breaks at all. He or she simply looked stern and then burst forth with impassioned yet "judge like" 10-second sound bites. Everyone was pleased and no one ever discussed how much it cost.

Small wonder that I cannot possibly understand why my own rare case moves on at less than the speed of light, or at the very least at a rate equivalent to what's seen on NBC, CTV, or CBC?

In addition to TV, public interest has been high for the real-life drama of the $103 million libel suit the Reichman family brought against Toronto Life, and the Canadian Aircrews' suit against the CBC regarding the television production, *The Valour and the Horror.*

It will be of interest to you that Justice Estey flew RCAF bombing missions in the Pacific Theatre.

When the pendulum of justice swings toward the right to freedom of expression, then individuals can lose their reputations and their right to privacy. Too much criticism can lead to social disturbance. Too little leads to stagnation. As your American counterpart Felix Frankfurter said, "Sir, freedom of the press is not an end in itself but a means to the end of a free society." Maybe, maybe not.

So, to discuss the freedom of expression and right to privacy issue we need the wisdom of experience and the depth of training that Mr. Estey brings us today. But before turning the microphone over to you sir, I would like to tell our audience that: 1n 1942 Mr. Estey was called to the bar of Saskatchewan and five years later, to the bar of Ontario. He practised law in Toronto for 25 years (from 1947 to 1972). He was appointed to the Court of Appeal for Ontario in 1973, and served as Chief Justice of the Supreme Court of Ontario, and then Chief Justice for Ontario.

In 1977, Justice Estey was appointed to the Supreme Court of Canada, where he served until 1988. He served as a Royal Commissioner in respect of Steel Profits, Air Canada, and Certain Banking Operations.

Lest it be thought that Justice Estey led the "narrow" life of the legalist, it should be said that he also served in the Canadian Army and the RCAF. He is a Companion of the Order of Canada. He served as a Bencher of the Law Society of Upper Canada, and as the President of the Canadian Bar Association for Ontario.

He is Chancellor of Wilfrid Laurier University. Today, Justice Estey continues to practice as counsel to McCarthy Tetrault in Toronto and serves as the Special Advisor to the Chairman of the Bank of Nova Scotia.

It is the richness of this backdrop that gives Justice Estey one of the most unique perspectives on media and its role in creating a balance between the individual's right to privacy and the public's right to know.

Would you please welcome The Honourable Mr. Justice Willard Estey.

## Willard Estey

Mr. President, ladies and gentlemen: I am not accustomed to addressing a crowd much bigger than a jury. I must have more relatives living in Toronto than I had realized, because I can't imagine why anybody would go anywhere to listen to anybody talk, in these times, about the Charter of Rights.

The problem with the Charter of Rights is that it is too big to talk about; it really can't be reduced to proportions small enough to talk about, but it's too big to ignore. The thing is so dull that I must warn you that you are in for a very dull session. That's not new to me, but it will be new to you.

A hundred years ago I was a law professor. I developed the ability to transplant into a law student's eye sockets, instantaneously, a laminated, glazed, porcelain pair of eyeballs. And that was before I knew that the Charter of Rights was coming down the road, which is tailor-made for that purpose.

I gathered up my notes for today and instantly discovered that I was exactly in the position of a new judge who appeared on the Court of Appeal at the time Sir William Mulock was Chief Justice of Ontario. The new judge had composed his first judgment, and was anxious to have the old man's approval of his work. He said to the Chief Justice in his chambers, "I have admired you so long as a lawyer, and in latter years have been watching you work through the mysteries of the law in the Court of Appeal. I wish very much that you'd look over my first judgment and give me your guidance." The elderly Chief put down his cigar, leafed through the typewritten pages, and looked up and said, "That's a very fine judgment. Trouble is, it's too long. It's too long by half, and you can eliminate either half." You will be relieved to know that I have eliminated one half of what I was going to say to you here today.

Before we start, let me present an overview of the Charter of Rights. The first thing to be determined is: What was the purpose of the Charter of Rights? The answer can be only one of two things. The purpose was either to change our law substantially by adding some new rules or new rights, or not to change our laws at all, but to imbed in our Constitution certain inviolable rights of man and to put those rights beyond the reach of what Lord Justice Scarman of England once called "the majority of the day." Surely the answer has to be the latter.

But before we get carried away with that heady stuff, let me touch upon a couple of authorities who have discussed this over the last 100 years. One of them was Jeremy Bentham, whom you all remember from first-year arts and science. He said that there is something fundamentally wrong with our courts. Judges relied upon "the spurious rhetoric of objectivity" to conceal from the public the fact that they were declaring as the law their own subjective and thus arbitrary perceptions of right or wrong. "The Common Law," he went on to say, "is a bog of judicial subjectivity." As for charters or bills of rights, Bentham lumped them all together when he described them all as "nonsense upon stilts." On top of all that commentary on the body of the law, his view of judges was that since they are not elected and thus don't have a mandate from the people, they aren't responsible to anyone. Presumably, he also thought that the sooner we get rid of them, the better. So much for Bentham.

Hunting around for some more recent authority, I found something by the great H. L. Mencken, who, you will all remember, was the editor of the Baltimore Sun and author of many famous one-liners. After reading 75 judgments of the United States Supreme Court, he said, "If all the judicial opinions written and printed in a single year in the United States Supreme Court were laid end to end, they would reach from confusion to futility."

Well, now with all that built-in headwind, I will try to justify some of the things that have happened, and perhaps mildly condemn other things which have happened since 1982, when, for better or worse, we entered the Charter of Rights regime.

I am not going to determine for you whether it is a success or a failure. You will have to judge that for yourselves and each successive generation will have to judge that for themselves. For one thing, it is a moving target. In any case, it is a road of no return. We have it and our successors will have it. It is full of contradictions.

Some of those contradictions are by design, others are not. I'm going to discuss two or three of those head-on collisions today.

The first big collision is between the right of the accused to a fair trial and the right of the press to full access to the judicial process and their duty to exercise that right; in other words, the doctrine of the freedom of the press. The Charter did not invent either of these rights. They are hundreds of years old. Freedom of the press came with the invention of the printing press by Caxton in England in the 1300s. This immediately gave rise to the beginnings of our news-distribution industry. The operator of the press, in the earliest days, asserted freedom from pressure or control by government or any other force. Furthermore, the operator of the press asserted an unlimited right of access to the facts on any issue and to the events of the community. There soon emerged the publisher, or entrepreneur, who asserted a free and unlimited access to the market as an entrepreneur in the news-gathering and distribution business.

In the result, whether or not Caxton actually invented the printing press, he and his successors immediately started in England a new and different kind of enterprise in the community—the newspaper.

It was no coincidence that there arose in our law at the same time the doctrine of defamation, including libel, and the concept of copyright. All that commotion in our law commenced about 700 years ago. One must wonder whether, if Caxton had not been born, the law profession would only be half as big as it is today.

Another subject which must be borne in mind when discussing in any intelligent manner the Canadian Charter of Rights is that our general law (Quebec partially excepted) is essentially a product of the English Common Law. Quebec, in contrast, has inherited the Civil Code from the pre-Napoleonic era in France, but the rest of Canada, like the United States (apart from Louisiana), has a legal system founded upon English Common Law. Under the Common Law, there are two fundamental streams of knowledge and principle. One of them is the ordinary basic rights related to contract, property, criminal law, and procedure. The other is the so-called law of Equity—the law of fair play. The British have woven those two streams of law into one and handed the result down to us as the modern-day Common Law. It is with that background that we approach our Charter of Rights and the application in our community today of the principles there set forth.

The Charter of Rights says, amongst other things, that we citizens have a God-given, fundamental, not-to-be-altered right to a fair trial. It also says that a journalist, in any form of the media, has the right to publish (short of defamation), the truth as he or she finds it or believes it to be. All of that was set out in the Common Law centuries ago. We didn't need the Charter of Rights to establish those rights.

Theoretically, the Canadian community required the Charter of Rights only to protect the aforementioned rights from Parliamentary appeal. Such an event was most unlikely. For that and other reasons, it is more likely than not that Justice Abbott was right when he wrote of the inviolable right of the freedom of the press.

Mr. Justice Rand, a New Brunswicker on the Supreme Court, took longer to say the same thing. He said that parliamentary government was ultimately governed by the free public opinion of an open society, and that was fuelled by the right of expression and the freedom of the press, both of which require unobstructed access to ideas and a right to diffuse them. Those two great Canadian jurists were totally unknown in their own country, but well-known, as Rand certainly was, in the United States.

My extended research revealed that Lenin (of Russian prominence until recently) said, "He who now talks of freedom of the press goes backward and halts our headlong rush towards socialism."

Justice Felix Frankfurter of the United States Supreme Court came at it a different way. When asked about his position on freedom of the press and the countervailing right of the government to mind its own business, he said that if he had to make that choice, he would rather have freedom of the press without government than government without free press.

But all these ancient truths have come under public reexamination with the arrival of the communication era, the flow of information, and the assumed right in the citizen of access to any and all of it. The communications explosion is changing our views on many things, including the right to privacy. There is nothing now which can escape detection, there is nothing to inhibit replication of anything you might uncover, and there is nothing that isn't under the gun of instantaneity. That is part of the difficulty of balancing freedom of the press on the one hand and the right to a fair trial on the other hand.

The invasive nature of the press has made a quantum leap in the last year. When the "Death Star" satellite goes up, with 500 channels all aimed at you, and none of them Canadian, many will think, as The Globe and Mail put it: "This is a new ballgame—what are we going to do about it?" The Globe and Mail solved it by saying that the CRTC ought to be abolished.

A fair trial sometimes includes a jury. Of all the things the British have accomplished in the life of the planet, by far the greatest is the accidental development of the jury. The second was the most economical policing known to man, which was the doctrine of "hue and cry." The way this worked was simple: The sheriff went through the streets at night, usually, when everyone was home, making hue and cry about what the crime was, whom the victim was, whom the suspects were, when and where the hearing would be held to determine guilt or innocence, and finally, a plea to the citizenry that those among them who knew any facts or information about the dastardly event, should come forward. And so they would have a trial based on whatever was squeezed out of the public, who recognized that the safety of their own homes and country was at stake.

It worked. But they had to get a tribunal together to hear and determine the facts. There was great suspicion of the monarch of the day. He was a totalitarian ruler in the Mussolini style. (They weren't all democratic monarchs—that revolutionary scheme didn't start until the 1800s.) The English got over that hurdle by having an assembly—a committee, we'd call it now—of ordinary people to sit and find the facts. They were irreversible and unappealable. The law, in a formal sense, did not enter the process for several centuries, when the custom or institution was inaugurated of having a trained person sitting along with the committee (the jury). His job was to discern the law and the legal apparatus of the rules and principles applicable to this crime. He would lecture the committee on how to apply these principles in their findings of fact, and then he would administer the sentence. That person was the state-appointed judge.

The evolution of the jury trial had reached this stage by 1750, when William Penn (of Pennsylvania fame) held a highly contentious meeting in Hyde Park at which he advocated some things the King didn't like. All of the participants were arrested and brought before a judge. The judge instructed the jury to enter a verdict of guilty. The jury refused because the evidence didn't support that verdict (or so they said). Thereupon the Crown, at the bidding of the Court, threw the foreman of the jury into the Tower of London. He was released by Chief Justice Vaughn, the Chief Justice of England, no less, on a writ of *habeas corpus* in which was recorded, for the first time, the great principle of law which we find in the Charter of Rights; that is, the right to a fair trial. The jury was superior to the judge, the jury was superior to the monarch, and the jury was bound only by their oath and to find guilt or innocence on the record which has come forward from the neighbourhood.

That rather rough-hewn start was the basis for the evolution of the famous British Criminal Law system. The continuity and stability of this adversarial system of criminal justice may well have saved England from a version of the French Revolution which occurred in about the same period in history. The committee (the jury) drawn from the neighbourhood and the people themselves were seen to be the fountainhead of justice. When one goes through this legal evolution, it is very difficult to get heated up about the Charter of Rights.

There may well be some parts of the Charter that have to be modified, or where some grease has to be put into the gears. The Charter of Rights catalogues many rights and freedoms and they are very broad. For example, we have the right of "freedom of expression," whatever that means. A frown is an expression. It is deliberately full of these limitless, without-perimeter meanings.

On the other hand, the Charter has a salvation clause, a safety valve, which says that all of these guaranteed rights and freedoms are subject to limitation by the legislature if that limitation is found by a court to be "reasonable and demonstrably justifiable in a free and democratic society."

The courts took as a starting point that the word "expression" is without boundaries. There is no perimeter. It just means that anything which conveys meanings is an expression. In the leading case, a province passed a statute to reserve a parking lot for the spouses of civil servants. One fellow didn't like that because he didn't have a spouse. He protested and parked his car in the parking lot where he was prohibited under the law from parking. He said, "I don't have to pay any fine. That's my freedom of expression because it's a protest." The Court thought that was right—his "protest" was included in the word "expression." You see right there we are in trouble. The way out of the woods, under the present Charter regime, is to put in place an ensuing second step, namely an expensive trial to determine whether or not the legislative restriction on the expression in question is demonstrably justifiable in a free and democratic society.

In the result, the Charter process has left the following imprint on our legal/judicial institutions:

- The judicial process has ground to a slow pace.
- A wide spectrum of problems in the community go judicially unnoticed.
- The process became expensive and impractical because virtually every issue was elevated to a trial, including that which we had long ago accepted as part of our way of life and which had become imbedded in the Common Law over almost a thousand years. In the end, the courts generally found the safety valve permitted the restriction on the otherwise unbounded right of expression.

But be relieved that we are now, gradually, coming out of that tailspin.

There are some ways in which we've gone a little bit American. There are some things in the United States which are good, and some things which are not so valuable for us. The United States Bill of Rights experience is an example of something which we can study, and once in action, adapt to our needs. The Bill of Rights doesn't have the salvation clause of our Charter's Section One. The court has to guess right the first time. In our system, you guess wrong, by saying, for example, that "everything is 'expression'" and then try to find a way to get out of it. The Americans have developed a rather serious, narrow method of interpreting the freedoms and rights secured in the Bill of Rights. We will probably go back to that, because that's where we came from. Under the Common

Law system of law, we make the rules one brick at a time, like Churchill laying his famous brick wall. Every case is a brick. We only fasten onto the facts of each case enough law and its principles to settle it. That becomes the law of the land until someone reverses or modifies it. If the courts prejudge anticipate cases and attempt to draw up a Justinian theory for determination of the substance and limitations of Charter rights, two things are wrong. One, no one is smart enough to foresee the conflicts of the future, and two, the courts are making a decision on the leading edge of the interpretive process of those Charter rights without hearing the argument of all sections of the community as to the applicable principle or the result that will serve the community interest.

Now the courts are processing the Charter much more quickly and they have resumed hearing taxation cases, commercial cases and the wide spectrum of the law which touches everyone in the community. We are getting back into balance, having recovered from the euphoria of the perimeterless meaning of words and the absence of boundaries to the remedies the court could manufacture. The courts, after all, have been interpreting and applying statutes to the events of the community for several centuries. This has entailed the interpretation of the statutes of the legislative branch according to the language of the day so as to apply those statutes to the realities of the community in the years thereafter.

We have not yet come to the collision inherent in the trial, which has to be fair to the accused and at the same time open to the public. Public access means the press has to get in, because you can't have access to a little courtroom 400 miles from your house. You now have access to the courtroom electronically and through the print media. Therefore, freedom of the press has moved up a notch in its importance. The press has become the agent of the people. The trouble with that is that people are like a principal who doesn't listen to the agent. But that's the way we are, and we'll try that for a while.

What does a court do to protect the fairness of a trial? Before I go any further, I want to tell you that no matter what I say, I am making no reference to any matter now before the courts. I know that when you say that, you usually proceed to plough somebody under who is presently before the courts, but I can't. Under our guaranteed rights, our Common Law rights, anybody who gets up and talks about something that is still before the court prejudices the accused, perhaps pathologically. We must not be seen to be reviewing in advance, or telling someone what they should say in their reserved judgment about how to run a fair trial for somebody in complicated circumstances.

Now let me get back to business.

First of all, we have evolved a jury selection system which allows you to ferret out of the jury anybody who is predisposed in their view of the case. In the words of the law, if he can't "stand indifferent to the claims of the Crown or the accused," then he or she is eliminated in the process. Our process, in contrast to the American system, is quite simple. In the American system of grilling the nominated member of the jury, you can go back and find out who their eighteenth grandfather was. It takes forever to pick an American jury. Mark Twain once said, "We have a criminal jury system which is superior to any in the world and its efficiency is only marred by the difficulty of finding 12 men every day who don't know anything and can't read." It's not quite as bad as that, and ours is a much quicker system. Incidentally, the statute forbids anybody in the law profession from being a juror—which supports what Mark Twain said. I am a great fan of the jury, by experience. I cannot remember ever sitting there at a criminal trial and thinking, "It's too bad the judge isn't deciding this instead of the jury. This is not said in criticism of the judges. Juries have a committee strength about them. The group is stronger than the component members and the combination of jurors appears to be a source of strength in itself. Somehow, they produce the right or appropriate answer. Of course, the jury does not have to give reasons. They only have to find a verdict, one way or the other; or in civil law, the answers to the precise questions put by the presiding judge after counsel for each party has made their presentations to the court.

Secondly, if we think the air is polluted by advance publicity about the charge, the accused may apply to the court for an order to change the venue of the trial to a community where the accused will not be prejudiced by such extraordinary or unfair publicity. The court can, if it will serve the ends of justice, move the trial a few miles or a few hundred miles.

Thirdly, the oath the juror takes is pretty severe and there is a penalty for some violations of it.

The fourth consideration is that the criminal courtroom is a pretty austere machine. When you get in there, it's a solemn operation.

The fifth thing is, we have evolved from the "hue and cry" to where the presiding judge instructs the jury on the law applicable to the facts as they've heard them, and on the limits of their duty and their freedom. The jury is told that the judge is available to answer their questions.

This brings us to the last measure available to the courts to ensure a fair trial—the ban on publication of the proceedings. This is a touchy subject, for it raises the contest between freedom of expression including freedom of the press on the one hand, and the inalienable right of the individual to a fair trial by a free, independent, and impartial tribunal on the other. The court must have the power to protect its own process. If, as it surely must be, the only product of a judicial system is justice, that product will not result from proceedings which have present in them unfairness as regards one or the other party to the process. If there is undue publicity or the speculation is unfair, there is a chance that eligible jurors who read the newspaper or look at television will be prejudiced before the trial even starts. When such a situation develops, the court may impose a ban on the publication of proceedings. Some bans start with the prevention of the publication of the fact of the charge, the content of the charge, the date of the trial, or any other feature, matter, or evidence which will raise the threat of denial of the right of the accused to a fair trial. If one went out to a courthouse in Mississauga a few months ago, one would have seen on the door of a courtroom a list of cases, one of which was noted to be "in camera." No one seeing that notice would learn the identity of the accused, except for the surname, which was listed without initials or sex. The public would not thereby ascertain the nature of the charge or whether the process had been through a preliminary hearing or was proceeding by preferred indictment or otherwise. The public would not even learn the outcome of the trial or the punishment, if any, imposed on the accused. That is obviously going pretty far in the attempt to preserve the right to a fair trial, and such a measure goes to the very root of the need in a democratic community for open trials, accessible by the general community. Let us not forget that the governing principles of access by the public to the courtroom are based upon the theory that public surveillance of the components of the judicial system performing in the courtroom keeps the process intellectually honest, and at the same time, contributes to the need for the efficiency of the judicial process. Most importantly of all, however, open access to a public trial ensures that the outcome of that trial will be just.

So, there is a limit as to what you can properly do to curtail publication of a trial, even though the Charter doesn't really impose that limit. Furthermore, there is no Charter right to public access to the trial in the first place—that's Common Law. The accused has the right to a public trial, but what if he doesn't want a public trial? What if he wants a closed trial because he doesn't want his neighbours to know he's a crook? The accused does not have that right, because the Common Law says that the public interest in an open trial is predominant. Therefore, the Court has the power to protect public access to it, but subject to the right of the accused to a fair trial. Both considerations are fundamental to our judicial system, and the court must balance the two principles where they conflict or compete.

There have been all manner of attacks on these principles. The Americans have a different viewpoint. Do not forget that the mass of 265 million to the south of us is a highly productive and ingenious force—and they have a lot of fun while they're at it. Their system works for them, so I don't knock it too loudly, but I don't want to adopt too much of it either. Their legal system is not their strongest feature, but it's not as bad as our press leads us to believe. The Americans say it's very difficult to corrupt a juror for the reasons I have given: the oath, the sanctity, the tradition and all of that, so therefore they say the predominant right is access to the public by way of the press. That works for them, even though they have by far the most aggressive press in the world—and by far the best-equipped press, both print and broadcast, in the sense of gathering the information and disseminating the information we call news.

A huge invasive force is now upon us here in Canada. We have local editions of The Wall Street Journal and U.S.A. Today, and local American newspapers printed just outside our own boundaries. We have American satellites coming at us all day long: CNN, ESPN, PBS, and the four big television networks. Hardly any Canadian lives more than 90 miles from a U.S. television transmitter. The output of this mass media apparatus, both print and broadcast, is coming at us 24 hours a day. Virtually all

Canadians live within receiving distance of U.S. television stations or have newspaper boxes in or near their community delivering, on a daily basis, the output of the major newspapers of the U.S. Every Canadian lives within the footprint of every U.S. broadcast satellite.

What are we going to do about protecting the free trial? That is a big problem. It's a much bigger problem than anything before the court system today. For example, there are complications flowing from having two people charged as regards the same event. What do you do with the evidence coming out of the first courtroom? The second fellow hasn't been tried. Perhaps some of the evidence wouldn't be admissible against him or her. Who knows? There has to be a great unexpressed limitation to the court's power to restrict the press. The power to ban can't be a complete power. Hence the typical Canadian balancing act.

The American style is generally to prefer press freedom over concern about a fair trial. It is an example of our need to be discriminating in adapting the institutions of other communities to the Canadian way of life. I point out in passing that one of the ideas of the great Thomas Jefferson, the Sage of Monticello and President of the United States, was that if you want to get justice in the frontier, you have to create an economic ability in the citizen of the frontier to hire the best lawyer. The only way the average citizen can get eminent counsel is to permit the contingency fee. This is an agreement between litigant and counsel that they will share the gains, if any, from the litigation, but counsel will bear the expense if no gain is realized. It is a method of brokering the success of litigation to the litigation bar. It is well-summarized by the wit who said that the lawyer says to the client, "If I lose your lawsuit, I get nothing. If I win, you get nothing."

There remains the balancing of these interests, and we in Canada are just getting into the problem. Our biggest concern is that we have to maintain our world-wide reputation—maybe rivalling that of the British—of operating a judicial and prosecutorial system which is fair to the accused and also effective in the community.

We have to build a civilization which is kind and gentle, fair, free and just. But it has got to be productive. It has to be globally competitive while living next to the American elephant. Now that is a tall order.

I say that through all this we must remember that the judicial system has only one purpose: to settle all disputes arising in the community, be they between two citizens, between the citizen and the government, or between two levels of government.

There must be a system of justice in the community that handles all those contests. The rules of court and the principles applied by that system have to be civilized, comprehensive and dynamic in that they change to meet changing circumstances, but sufficiently static so as to avoid chaos. The system has to reflect the basic traditions in the community. All of that is easily said but very difficult to put it down in rules. That is why the Supreme Court was probably wrong in grabbing the Charter of Rights by the horns and translating it immediately into vast principles like $E=MC^2$ and other laws of physics. It hasn't worked and it won't work. We have to get back to the case by case principle, the building of our philosophy of jurisprudence one brick at a time. Enunciation of broad and long theorems have not been the secret of our success in the past, and it will not work in the future.

We also have to learn to accommodate to the communication age where every fact is communicated in one form or another to anyone interested in receiving it. The power to ban must now be rethought in some areas because it is unenforceable. If it is unenforceable, it follows that it will be unfair to some persons who are subject to its attempted enforcement.

For example, in practicality, a ban along the 90-mile strip we occupy (like everything else, a little larger in

Alberta) gives American journalists a big edge. The Canadian journalist looks like a piker when he can't match strides with The Wall Street Journal or The Washington Post, to name a better example, when covering some of the more sensational stories. On the other hand, we don't like the idea of allowing all journalists of all stripes, nationalities, and backgrounds to come in and report on our affairs to our people, when meanwhile there is silence on the part of our own trained journalists who will better reflect the mores of the Canadian community. That is an insoluble problem, so like all speakers, when I get to it, I turn the page. We will get through it, no doubt about that. The new communication era is not going to knock us off our perch, but it is going to take a lot of thought and a lot of communication with the public to figure out how. We shall accommodate our sacred principles of justice with the penetrating communication elements of other communities.

That brings me full circle to the point of departure, and if the sermon doesn't end now, I will be in the position of the pastor who, on seeing his flock off at the front door of the church after the morning service, foolishly asked a parishioner what he thought of the sermon. The parishioner replied, "It was like the love of God in that it passeth all understanding, and like His mercy, it went on forever."

So thank you very much, or should I say "Amen."

The appreciation of the meeting was expressed by Pauline Couture, Vice-President Corporate Communications, Alliance Communications Corporation.

In the more than 20 years that I have been involved in Canadian journalism and Canadian public life, every time I have run across a sense of higher purpose and profound influence in Canadian public life there has been a member of the "Saskatchewan Mafia." However, I have never heard a member of the "Saskatchewan Mafia" speak with such dry wit and such absolutely delightful charm and grace. Thank you very, very much, Mr. Justice Estey, for joining us today.

And if you liked that, please read the Canadian Journalism brochure on your tables and get acquainted with the wonderful things we are trying to do to advance the interests of media and society.

Thank you very much, Mr. Justice Estey.

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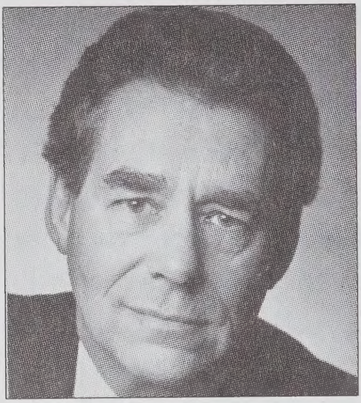
La Fondation pour le journalisme canadien

*The Hon. Willard Z. Estey speaks on the issue of "Freedom of Expression vs. The Individual's Right to Privacy" during the "Media & Society" Series co-presented by The Empire Club of Canada and the Canadian Journalism Foundation.*



April 28, 1994

## Frederic L. R. Jackman

President, Invicta Investments Incorporated and President, The Empire Club of Canada.

# MEDIA AND SOCIETY: CLOSING THE GAP

Chairman: **John Campion**
First Vice-President, The Empire Club of Canada

**Head Table Guest**

Bart Mindszenthy, APR, Partner, Mindszenthy & Roberts, Communications Counsel and a Director, The Empire Club of Canada; The Rev. Dr. J. Robert Watt, B.A., M.Div., D.D., Honorary Chaplain, The Empire Club of Canada; Leon Kossar, Chairman, Metro International Caravan; Jan Dymond, Vice-President, ZED Communications and a Director, The Empire Club of Canada; Mark O'Regan, Managing Partner, Ernst & Young; Maj.-Gen. Bruce J. Legge, C.M.M., C.M., K.St.J., E.D., C.D., Q.C., Partner, Legge & Legge and a Past President, The Empire Club of Canada; Peter White, Chairman of Unimédia Inc. and Director of Hollinger Inc.; Her Worship June Rowlands, Mayor of the City of Toronto; Denise Cole, Special Assistant to the Mayor of the City of Toronto and a Director, The Empire Club of Canada; Stuart Adam, Dean of Arts, Carleton University; Larry Stout, Journalist and Broadcaster, CTV Television Network and a Director, The Empire Club of Canada; Donald J. Crawford, Secretary-Treasurer of the Canadian Journalism

Foundation; Mary Lou Findlay, Journalist and Broadcaster, CBC Radio; E. Kendall Cork, Chairman and President, E-L Financial Corporation; Knowlton Nash, Journalist and Broadcaster and Chair of The Canadian Journalism Foundation.

## Introduction by John A. Campion, First Vice-President and President-elect

Friends and members of the Canadian Journalism Foundation and The Empire Club of Canada: Since the dawn of time on earth, media has been with us. When the first story of the successful hunt was told, when the epic poems of the Iliad and the Odyssey were recited, when mankind learned to use the alphabet to record events and reflections, and more recently, when printing presses, radios and televisions were brought into being, media became and was an integral part of our daily lives. At various points in the history of man and media, major changes in the medium have brought dynamic changes in our way of life and have threatened cherished old ways. Socrates is recorded to have said, "The discovery of the alphabet will create forgetfulness in the learner's soul because they will not use their memories, they will trust to the external written characters and not remember of themselves. You give your disciples not truth, but only the semblance of truth. They will be heroes of many things and will have learned nothing. They will appear to be omniscient and will generally know nothing."

Our guest speaker today has done our Club a profound service by his endeavours as President and, of course, by his involvement with The Canadian Journalism Foundation, but more particularly, by helping us in this series on Media and Society to understand and appreciate the powerful media forces reshaping our world. Dr. Frederic L. R. Jackman, we know, is a man of easy charm and wit, a friend on and off the public platform, but for those who have not read his biography, a person of catholic interests, activities and contributions—a renaissance man in the post–industrial age. He is Chairman of the Jackman Foundation and President of Invicta Investments. He practiced psychology for 17 years, and was awarded in 1991, the C. M. Hincks National Award by the Canadian Mental Health Association. In our community he has been active with various educational, community and cultural activities and organizations, including the Art Gallery of Ontario, The University of Windsor, The United Way, The Stratford Festival, The United Church of Canada, and of course, The Canadian Journalism Foundation.

He was a candidate for a well-known, or at least, previously well-known, political party in the 1980 federal elections. Dr. Eric is married to Sara and father to Tara, Thomas and Robert. On your behalf I would like to thank him for a lively year in our Club's history and welcome him to address this joint session of The Canadian Journalism Foundation and The Empire Club of Canada, the final session of this important series on Media and Society.

**Frederic L. R. Jackman**

Mr. Nash, ladies and gentlemen, thank you, John for your kind introduction. At the conclusion of my speech, you too, may "know nothing."

It is a real privilege and a pleasure for me to stand at the lectern before you, this being my last day as President of the Club. And I would like to thank the members and the directors for their help and assistance throughout the year, and for all the friends of both the Club and The Canadian Journalism Foundation for your attendance at the activities of the Club throughout the year.

This is the first time in memory that the Club has joined forces with another organization, The Canadian Journalism Foundation, to sponsor an on-going series for a whole month. And I thank you, Mr. Nash, very much for your co-operation for doing so with The Empire Club this year.

Now I would like to talk about Media and Society and closing the gap. But before I do so, I want to share with you a personal experience of what it meant to me to come back to Canada 16 years ago after leaving my practice of psychology in Chicago. I want to do this because Canada was different when I came back. One of the things that was different was that I no longer had the flag we had when I left in the 60s. We had the new Canadian flag. And somewhere along the way I lost what was known as the Royal Anthem, "God Save the Queen." It had been replaced by the song we sing today, "O Canada." And there was an ad on television or radio to boost tourism in Ontario and you'll remember that the ad finished " . . . Ontari–ari–ario." It was sort of cute and catchy and that was wonderful, except when I had left in 1960, there was no Ontario, no provincialization, no regionalization in the country. There was one place. It was Canada. I came back to a place that was becoming more segmented. And I wondered about that.

And another change was contained in a poll I looked at shortly after I came back. It was a poll dealing with national symbols of identity in the country. The flag and national anthem were high on the list of national symbols, but CBC was on that list and it was tied more or less with the monarchy. As a matter of fact, the CBC was a touch ahead of the Queen, both at around 25 per cent as national symbols. I was astonished. I was astonished because the CBC is a broadcast corporation. It is a company. The Queen is the Head of State. So, there had been some very significant changes happening in the country and I was concerned about that.

As a matter of fact, if one wanted to pick a corporation, that had a name with national symbols, I can think of two with very good ones. Like the "Dominion of Canada General Insurance Company" or the "Empire Life Insurance Company." Or, if you want to go coast to coast, how about the "National Trust"?

There was another thing going on. It was the election of 1980 which John referred to in his introduction. I did participate in that and I ran in Spadina riding, which this very hotel is in. I was defeated along with a lot of other Tories in that one, including Joe Clark, who was then our Prime Minister. And I was concerned about the way Joe Clark was being presented, both in the media and in society.

Do you remember Donato's cartoon of Joe Clark standing with his arms down with mittens on strings hanging from his sleeves? It was vivid and will last a long time for a lot of us. And I can remember one of the jokes—in those days it was a joke about Joe Clark but nowadays it might be considered a joke about the media.

The joke was about Joe Clark walking along the Rideau Canal with his dog. He took a stick and threw it into the water and the dog ran down the bank, walked across the water, retrieved the stick, walked back across the water, climbed back up the bank, walked over to Joe and gave him the stick. You know what the media headlines were the next morning? "Joe Clark's dog can't swim!"

Well, the world was changing and while I was lamenting some of the changes I was also curious why these changes were going on and I knew that countries change, countries get better, countries get worse. You go down to the Caribbean and the countries seem to stay the same forever. But anyway, I looked through the shifting sands and I found that there was a growing media influence in Canada. Marshall McLuhan, the great Canadian, was writing then, and he said, "The power to communicate is the most powerful force in shaping society."

"The power to communicate is the most powerful force in shaping society." Do you know how much media we consume each week? Well, my guestimate is that we do 40 to 50 hours per week. It consists of 24 hours of television, 12 hours of radio, and when you add in magazines and daily newspapers, you'll go over 40 hours a week. Well, you're going to be getting all sorts of impressions from what you're consuming—and that's a whale of a lot of influence.

Mary Lou Finlay is going to do a programme for CBC on what this is all about. Reuben Blades said, "I think we are becoming the best informed society that ever died of ignorance." We're an inventive society and the phenomenal changes of this century have been just extraordinary. Pretty soon we'll have satellites sending down 500 channels and the influence-peddlers will be sending one message or another. The information age is rapidly moving along the electronic highway and you know, if it weren't for satellite publishing which allows The Globe and Mail to publish simultaneously across the country, it could not call itself Canada's national newspaper.

The inventions aren't new. If you go back to 1917 when Alexander Graham Bell addressed this Club he said, "You see, America is a country of inventors, and the greatest of the inventors are the newspapermen."

But seriously, the media's influence is felt enormously and I would like to harken back politically to Clark and the critical attacks he faced. I wondered whether or not that negativity could lead to the cynicism in society that Bill Davis was talking about three weeks ago in this series.

So I looked at the Royal Commission on Electoral Reform and their finding is that there is a clear trend of more negative coverage. In 1962, 32 years ago, there was more positive coverage than negative coverage of our parties and our leaders. But by 1980, most of the coverage had become negative about the leaders and their parties and the studies show the trend has carried through to 1988. That's when the data ends on that Royal Commission (1991).

Now, if we move away from politics and elections to a recent study of how the public views our media, we look to the Times-Mirror poll of eight western nations that was reported briefly in The Globe and Mail last March. Of the eight nations, the Canadian study was conducted by Environics Research. While there was much in the poll that is praiseworthy of the Canadian media, I want to focus on what I consider the negative or areas where improvement needs to be made.

The public was asked, "Does the media get the facts straight?" Well, in Canada 36 per cent or one in three say, "No, they don't get the facts straight."

When the question is asked, "Do newspapers cover all sides fairly?" The answer: Sixty-one per cent of respondents say newspapers do not cover all sides fairly.

The TV? It's about 50 per cent who answer: "Don't cover all sides fairly."

When the question is asked, "Do newspapers invade people's privacy?" Take your guess. Fifty per cent of Canadian respondents say newspapers invade people's privacy, and for TV it goes up to 53 per cent.

"Do the newspapers deal irresponsibly with politicians?" We see the politicians as fair game: Only 25 per cent of the people say the newspapers deal irresponsibly with them.

So, there is not only substantial negativity and intrusiveness, but there is a serious failure to deal fairly with all sides as perceived by the Canadian respondents.

Now, the same survey found that one in three, 33 per cent, favoured some restriction. Ah, my media friends, 33 per cent of the sample favoured some restrictions on freedom of expression. Why would they do that? Clearly, society notices these changes and wants to do something.

Your presence here today and during this series shows that the public is interested and concerned about the media. Now the difference in perceptions between the media and society is what I call "The Gap." And I say that we need to close the gap. Now a gap, really, is healthy. I'm not saying that media and society should get together. They would end up in collusion and media would not then serve society in the way that it should. When they get too far apart, it is not serving well. If you have the right amount, there is a healthy respect. It is very much like a spark plug. If the gap is set right, the engine will start. If it's too close, it won't, and if it's too far it won't work. It's got to be right. I want to introduce this notion that there is a proper level of gap before media and society will work appropriately together.

When the gap becomes a chasm, then what was once respect of one side for another side becomes disrespect; where fascination, becomes dislike and distaste. When feelings that were at one time of benign acknowledgment have become distrustful cynicism, then the gap has got-ten too big. There needs to be a productive tension, not a counter–productive tension.

You know, in the old days one person could forgive another person but now they say "I'll take you to court," or the media says, "I don't care how much you suffer in the public eye. I want to titillate my readers and make money." When that happens, you've gone too far. And while we're arguing about that, the paparazzi and the photojournalists are setting up their peeping-Tom cameras to take pictures of the Princess Diana and the royal family. Do you know what you can get for a good picture of the royal family? Two million dollars. If you pay a-half-a-million-dollar fine, so what? You're still ahead of the game. Is this what we want to go on?

Anyway, the gap is too large. Clearly, my concern is the quality of leadership, the quality of the media, and the drift to a wider gap. One can ask, "Is the media responsible? Are the politicians bringing it on themselves?" Maybe both. Maybe it's in the relationship. What I suspect is that there has been a power shift in favour of the news media.

But, if the media is the culprit, they're going to get caught soon enough. There's an old expression, "The doctors bury their mistakes, the lawyers hang 'em, and the journalists put theirs on the front page."

Well, what happens when leaders are criticized? It's possible that they might suffer a loss of confidence and I think that seems to be what has happened. Lawyers, judges, doctors, politicians have all been losing public confidence lately.

In a recent confidence poll, 19 per cent of Canadians have confidence in our politicians. Nineteen per cent! Take a look around the room and you can see how many of us don't have any confidence in our political leadership. That's down from 43 per cent 10 years ago. Now, would you run? If you were going to launch a product into the marketplace and you had done market testing, and you had 19 per cent acceptance of your product, would you launch it?

When I talk to my friends about political ambition, they say, "Why should I expose myself or my family to the sort of media criticism that I will likely get if I'm elected?" I think that what we will get in Canada is a decreasing level of candidate. That is, the quality of candidate is going to drop further and further down. And elected leaders are the people that we used to follow. Given the Charlottetown Accord, that may not happen anymore, but that is what we used to do. We used to follow the people that we elected. That's the way the system works. That's the way it is supposed to be.

Now let me leave politics aside for a bit. Knowlton, you have been a wonderful Chairman of The Canadian Journalism Foundation, and I would like to maintain a sense of pleasantness today, so I didn't want to be too critical of the CBC. I decided that I wouldn't talk very much about CRTC Chairman Keith Spicer's warning that the CBC is on a path to oblivion. Nor did I think I ought to talk much—because General Legge is here—about the CBC's reinterpretation of military history in The *Valour and the Horror*. Nor did I think there is any sense at all in talking about Barry Cooper's new critical report on the CBC entitled *Sins of Commission* really, because it's barely off the press and not yet available. However, if anyone wanted one, you can get it at the University of Toronto Press.

Now, there is a guy called Kurt Luedtke, who was the Executive Editor of the Detroit Free Press. He made an address to the Newspaper Publishers' Convention about 10 years ago. This being 10 years old, it may not be true anymore, but it does show how power has shifted and it shows that some people in the media see the world just as some outside the media do. This is a media person talking to media people. He says, "You no longer shape public opinion, you have supplanted it. There are good men and women who will not stand for office, concerned that you will find their flaws or invent them. Many people who have dealt with you wish that they had not. You are capricious and unpredictable. You are fearsome and you are feared because there is never any way to know whether this time you will be fair and accurate or whether you will not. And there is virtually nothing that we can do about it." And all this from a journalist.

Now, I want you to know that I'm not trying to be unfair to Mr. Nash. I am told that he was asked to thank the speaker, so I know that he has five minutes at the end to put it right.

All professional groups have their power base. Business has the economic power and the advertising support and they can withdraw it from the media. The judges have gag orders as in the Homolka case and can shut down freedom of expression. The government has the injunction and can muzzle media as they do in many countries in the world. But the media has the ability to attack reputations and invade privacy.

What we have seen from the data presented today is that media attacks seem to be going on more frequently than most Canadians would like. Sometimes I wonder that, in the power struggle between media and society, the power has shifted to the media so that the "ink–stained wretches" as they were called in days of old, in the publishing houses of yesterday, have become the "lords of the manor" without realizing it. I think that the rules have changed, that the playing fields have shifted, that the game is now being played on the news media's terms.

More importantly, I think it is time to stop attacking each other as it only widens the gap. It is time to stop writing *ad nauseum* about the other side's mistakes. It is time to start working for a greater understanding and acknowledgment of others' successes in this society. It is time to start creating a better journalism and a healthier society.

At the beginning, I talked about changes to Canada and our search for new symbols of national identity. I talked about the media's growing presence and influence. I mentioned that the CBC, a mere media organization, was perceived as a national symbol. And so if, as silly as this may seem, that on our flagpole we have to raise the new CBC logo, let's be sure it is as good as it can possibly be. And let's be certain that all our journalistic enterprises are as excellent as they can be.

In closing, I would like to do so with some remarks about The Canadian Journalism Foundation, this being its first time in a public forum, and The Empire Club of Canada of course, has been here for 90 years.

The Canadian Journalism Foundation is not a journalism foundation: It's a societal one. It's controlled by no one group. It's governed by journalists and business people, by media owners, philanthropists and by professors and university presidents. It began in the late 80s because I was becoming increasingly frustrated in my conversations with various people in the media and I'm sure they were becoming increasingly frustrated with me.

At that time I discovered a common interest that The Niagara Institute had in the media. At The Niagara Institute, they were putting together discussion groups because they were concerned about the relationship. The groups consisted of media, government, politicians, labour and businessmen. They would meet for two or three days—sometimes a week. As they met together, under their discussions, what you would find was that greater understanding gave way to greater appreciation, greater acceptance and more trust, and while you didn't necessarily agree with a certain position, you at least understood it and weren't vindictive about it.

As a result of that, the Jackman Foundation along with The Niagara Institute and the help of many others, invited people from all over the country. Fifty or 60 of us met at The Niagara Institute to discuss the possibility of creating a new Canadian institution that would serve Canada through journalism. But it is not a journalism foundation, not a journalism organization. We serve Canada through better journalism.

In order to encourage journalists, who have a healthy respect for maintaining their own territory and not having anyone intrude upon it, it was absolutely essential that we get the most respected journalist we could find in the country to work with us and to provide leadership for the organization. We were most fortunate that Knowlton Nash, after many interviews, let us convince him that our hearts were in the right place and our minds were well set. He has been our founding Chair since 1990.

The Canadian Journalism Foundation is unique. It is the only one we know of in the world which is structured the way this one is. Its goal is to enhance Canadian journalism and it's a charitable organization. Its goals are threefold: professional development, to acknowledge outstanding achievement and to conduct research.

And I have one other goal which is not part of the Journalism Foundation but I would like it to be. It has to do with excellence in journalism, not just excellence, but I want us to have the best journalism in the world.

I talked of changes in the beginning; the media is big in our lives. It can get worse; it can get better. The Times Mirror survey of the eight nations said media can get worse. For example, when it comes to invading people's privacy, if you lived in England you might be part of that group that says, "Yes, there's a lot of invasion of people's privacy." Seventy-six per cent of the people in England think the press invades privacy. To remind you, we were only 50 per cent. We could go to 76 per cent.

Do they report irresponsibly on politicians? Again, in the U.K., 48 per cent of the people say "Yes, they report irresponsibly." Canada was 25 per cent.

Does the press deal fairly with all sides? In Italy and France 81 per cent of the people say the press deals unfairly. We were only 61 per cent. Bad enough, but 81 per cent is worse. Does TV deal fairly or unfairly with all sides? France—75 per cent; Canada was 54 per cent.

So, we are not as bad as we could get.

Perhaps it is only my fear that we are following in the footsteps of the tabloid journalists of other countries, but I believe I am not alone in my concern. When people ask, "How can you establish standards of excellence?" I can tell you that an extraordinary thing happened in the newspaper business this year. The Society of Newspaper Design awards annually a series of awards for Best Designed Newspaper. Le Devoir of Montreal in a contest of over 9,000 newspapers, won "Best in the World." We have a standard of excellence of design. Le Devoir picked one up. I'd like to see how it's designed. I don't know much about these things—I'm not a designer, but in the terms of the people who judge these, we have one of the best in the world.

The point of this is that we will be able to say, "Yes, if we set standards of excellence, then we can go for the best." Let me remind you about the Maclean's university poll. Remember they said they would have these long lists of universities and every university president in the country is going to be upset with us, except one. Well, they kept at it year after year: They refined the methodology. Now there seems to be a fairly well–accepted notion that yes, you can have a best university in the country, and this is the order in which they fall. Why can't we have that for the media?

I'm pleased to say that Peter Desbarats at Western's newly resurrected School of Journalism has started some preliminary work to look at the best print journalism in Canada. This is a project of the Jackman Foundation, not The Canadian Journalism Foundation. Stu Adam has been doing similar work at Carleton University. All I can say is that if we have the standards, then we can strive for them. If we don't have them, then we just muddle about. I think the media is so important to democracy. We have some of the best right now. Let's make it better. I agree with McLuhan that the power has shifted: How to communicate is the most powerful force in society. Ladies and gentlemen, I think The Canadian Journalism Foundation is vital to the health and well-being of society.

Mr. Nash, in closing, I wish that your young organization, The Canadian Journalism Foundation, has as much health and vigour as The Empire Club has enjoyed for all these past 90 years.

Thank you.

The appreciation of the meeting was given by Knowlton Nash, Journalist and Broadcaster and Chair, The Canadian Journalism Foundation and Larry Stout, Journalist and Broadcaster, CTV Television Network and a Director, The Empire Club of Canada.

**Knowlton Nash**

Well, now this is a challenging job for me—thanking Eric for his comments today. Never one known to shy away from contention, and you did say, Eric in your comments that I would have the last word, and I'm certainly glad of that.

I also noted, incidentally, and I hope it is not a direct result of Eric's speech, that directly after his speech, he is going to lose office.

As Eric has said, we do work closely together in The Canadian Journalism Foundation and elsewhere to develop more understanding about the role of the media in society, each of us coming at the question from rather different perspectives and with different backgrounds, but actually each with the same objective in mind.

You quoted a lot of statistics today, so effectively in articulating your point of view that if I were to offer my own statistics on the basis of your speech, I think I would agree with about 60.4 per cent of the time, I'd question about 20.7 per cent of the time, and disagree with 18.9 per cent or thereabouts, and actually, I think Eric would have about the same percentage in terms of my own comments and my comments of last week.

But Eric also talked about public confidence in various professions, and he noted that the media rated higher than politicians and lawyers, with some exceptions. I'm sure the Mayor is an exception to those figures. I took some comfort from another survey that I noted the other day, something similar to your survey that you'd seen. I noted that at the very bottom of public appreciation were car dealers and business executives, and at the top far ahead of journalists or teachers or anybody else, were pharmacists and druggists. I'm not quite sure what that says about the level of confidence of our leaders in the country, but pharmacists and druggists are the most respected apparently.

Actually, Eric says journalists with their high public appreciation are beginning to act like lords of the manor, although I can't think of any journalists and reporters who would live in such high-faluting terms.

Journalists are indeed agents for the public, I believe, and the public does have the right to demand quality and fairness and thoroughness. Information is power, Eric has said, and his goal is to see that Canada achieves the best journalism in the world and that certainly, I think, is an objective towards which all journalists would seek to move. As he has said, his objective, and I think again, that of most journalists is to enhance the quality of journalism and to help to close that gap of which he spoke—that gap in public understanding of the media and its role and the media's understanding of its responsibilities in society.

There may be differing and there are differing perspectives on how that gap should be closed, but there should be no difference at all in the need and the need for full understanding of the importance of the media in our society and the responsibilities of the media.

Unless we're talking about it we are never going to achieve that understanding and Eric's comments today are a reflection of reality for many people as they look at the media. I am grateful to Eric, not only for his support of The Canadian Journalism Foundation, but also for organizing these luncheons as part of the effort to increase understanding of the media's role in our society.

Now, he spoke of the need for more examination and self-examination as well, and I think we're beginning to see that happen as the ombudsmen's role in many of the newspapers in the country, especially at the CBC, with editors paying more and more attention to the feedback from readers and listeners. Broadcasters too, like the CBC which as Eric noted, is starting a new radio programme on the media next fall with Mary Lou (Finlay) as the host of that programme, and of course, the luncheons here at The Empire Club.

So, a lot is beginning to happen in this business of understanding the media and its role in society. Eric, today, has made a significant contribution in trying to bridge that gap between the two.

The man who began CBC News back half a century ago, a man called Dan MacArthur, warned his editors of their responsibilities and he told them at the time that reporting the news is a public trust. And so it is. And so Eric has reiterated today. And so, for his comments and for his enthusiasm and his combativeness in our discussions about this subject, on behalf of all of us here, Eric, I thank you very much.

**Larry Stout**

Your Worship Mayor Rowlands, Mr. President, Mr. President–to–be, friends of The Empire Club of Canada and The Canadian Journalism Foundation: Sometimes a single event triggers a wave of nostalgia and reminds you not so gently about the rather rapid passage of time. That happened last night when I watched the funeral of former President Nixon. I remembered Knowlton, that it was in 1968 that you and I first worked together at the Republican convention in Miami Beach that elected Richard Nixon. I was on the streets of Panama City where they had a couple of riots—that was the bad news, Eric—and later on we did the Chicago Democratic National Convention with all the problems there.

But I remember with more warmth, Knowlton, about walking down the streets of Manchester, New Hampshire on a cold February morning while covering the Democratic Primary and Eugene McCarthy was running for the Democrats on an anti-Vietnam platform. One of his supporters was Paul Newman, the actor. And as Knowlton walked down the streets of Manchester, New Hampshire with Paul Newman, you've got it, everyone wanted to know who was that handsome man with the piercing blue eyes talking to Knowlton Nash.

I have known Knowlton for many years and consider him a friend. He was a former colleague at the CBC for quite a few years. Knowlton thank you very much for your speech and for the contribution you have made to the Journalism Foundation.

Now, President Jackman: a very provocative speech and a very useful one. As a matter of fact those of us who have been in the business a good many years worry about certain trends. I happen to work with an awful lot of young people at CTV and they're worried, too. Unfortunately we do more than just reflect society in journalism. We shape society and its values or unfortunately, its lack of values in some respects. And we do have a few charlatans who have never discovered that with every right comes a responsibility; and that there is an ethical difference between freedom and license. But I think in general, we have performed very well in this country. But we do make mistakes. This discussion has been very, very useful and I thank you very much as President of The Empire Club of Canada and as founder of The Canadian Journalism Foundation for having this wonderful end to our season. I think The Canadian Journalism Foundation can do an enormously good job in dialogue because what we are looking for is not Draconian measures to keep journalists in their place but we are looking for dialogue and input and that's an important job for The Canadian Journalism Foundation to do.

This has been an outstanding season for The Empire Club of Canada, Eric, and we've been on the board for many years together; and Past Presidents, I know, have worked very hard. It is a demanding job and it requires far more time than people would think.

Your season has been excellent in every way and this last session with Media and Society has been excellent as well.

So, on behalf of all the members and the directors of The Empire Club of Canada, thank you so much for being so wonderful, so stimulating, and such a good guy.

*President Eric Jackman signs the Register prior to his address in the presence of his successor, President-Elect and First Vice-President John Campion.*

## In Memoriam, Dr. Clarence B. Crummey

Dr. Clarence Crummey was born in Greenspond, Newfoundland and received his early education at his father's school. After graduating from Dalhousie Medical School in 1932, he began his career of professional service to the people of Nova Scotia. In 1944 he relocated his practice to the community of Mount Dennis, Ontario. A devoted family man, the theses of two grandchildren are dedicated to him.

Dr. Crummey holds the distinction of Founding Member and Fellow of the College of Family Physicians of Canada. He was a senior member of the Canadian Medical Association, a member of the Board of Governors of the Ontario Medical Association, and a Medical Consultant to the Department of Pensions of the United Church of Canada for 26 years. In 1978 he was awarded the Queens Jubilee medal.

The Empire Club of Canada also benefitted from Dr. Crummey's participation, first as a member in 1944, and then as a director beginning in 1950 up to and including this term. Dr. Crummey represented the interests and values of those who were the backbone of the Club through the 1950s, 60s, 70s and 80s. He made measurable contributions to the preservation of The Empire Club as a forum for the thoughts and views on all subjects of interest to Canadians. With his passing, The Empire Club of Canada has lost a stalwart friend and supporter and we pay tribute to Dr. Crummey's 49 years of friendship and distinguished dedication.

*Guest speaker Jean Charest, MP, and Dr. Clarence Crummy.*

# Annual General Meeting

## President's Report

April 28, 1994

Chairman
Frederic L. R. Jackman, President

**Frederic L.R. Jackman**

Distinguished Past Presidents and members of The Empire Club of Canada. Notice has been given that our annual meeting is to be held on this date. I have asked the Club Secretary, Willis Blair to act as secretary for the meeting.

In accordance with article VI, sub–section 2 of The Empire Club's constitution, I am pleased to report on the year's activities.

The President's report has been printed and copies have been placed on each chair for your review. In the interests of time, only a brief synopsis of this report will be given today.

A year ago you entrusted me with the responsibility of the Club's presidency for the 1993–94 year. As many Presidents have said before me, leading an organization that has many years of tradition and the stature of this one, is truly a privilege as well as an awesome responsibility. It is, therefore, with a feeling of accomplishment, that I stand before you today to report on the year's results and to turn over the medal of office to John Campion. I look forward to continuing to participate in the Club's activities, both as a Past President, and also as one who will enjoy the broad range of speakers the Club will continue to attract in the coming year.

During the 1993–94 season, the Club presented 36 luncheon speakers, drawn as usual from a wide range of backgrounds and disciplines.

Early in the year, we heard from all five contenders for the leadership of the Progressive Conservative party and the Prime Ministership of Canada. Kim Campbell went on to become the first woman Prime Minister and John Charest became the leader of the Progressive Conservative party. All that within less than a year.

The October 25, 1993 federal election followed and this time Conservative Prime Minister Kim Campbell, Reform Party leader Preston Manning, National Party leader Mel Hurtig and Bloc Québécois leader Lucien Bouchard appeared. We regret that Liberal Party leader Jean Chretien and NDP leader Audrey McLaughlin were unable to be with us. Results of the federal election were Liberal 177, Bloc Québécois 54, Reform 52, NDP 9, Progressive Conservative 2, Independent 1: a most unusual disturbance in Canada's traditional political equilibrium.

Later the two budget chiefs, Liberal Paul Martin and Ontario NDP Floyd Laughren addressed sell-out crowds.

From the diplomatic corp we had Ambassadors Tordjman from France, Fuentes from Mexico, Kilian from South Africa, the British Secretary of State to Northern Ireland, Sir Patrick Mayhew, and our own Ambassador to the U.S.A., John de Chastelain.

The business world was represented by Hollis Harris of Air Canada, Conrad Black of Hollinger, Stanley Hartt of Camdev, Naoki Tanaka, the economic journalist from Japan, Pierre Desjardins from Domtar, Frank Stronach of Magna fame, Ted Rogers and Dave Nichol.

Regarding your health and who cares, Dennis Timbrell spoke of the work of the Ontario Hospital Association.

And there were special occasions.

Remembrance Day heard an address by Vice-Admiral Ralph Hennessey. The Lillehammer Olympics brought

Canadian World Downhill Champion Ken Read. In entertainment, the pilot of *Show Boat*, Garth Drabinsky spoke.

Our most special event saw the Lieutenant-Governor attend the Annual Christmas luncheon at which the St. Michael's Boys Choir performed.

Lady Thatcher sold out every ticket and we are grateful to the Fraser Institute for making the arrangements.

And finally, His Royal Highness Prince Philip graced us with an address in the early fall.

### Appreciation

There are many who contribute to the success of The Empire Club and it has become traditional to single some out at this time. Let me, therefore, express a special word of thanks to the following:

- Our speakers who always appear without compensation or even expense reimbursement.
- Anne Lato and Leslie Milligan, who do a fantastic job of keeping the Club rolling along and keeping the President on time. To Sonia Kaplan and Gail Underhill, in my own office who helped greatly with my introductory speeches and the Media & Society series in particular.
- The Directors and Officers of the Club who voluntarily give of their time and energy and who will be formally thanked at the next Directors' meeting. I want to particularly acknowledge the contribution of those Directors who are not standing for election at this annual meeting. Please accept my sincere thanks for all your efforts.
- Those Directors and Past Presidents who chaired or served on the many committees which are so necessary to the Club's ongoing operations and whose words of encouragement and quiet counsel helped sustain me throughout the year.

- The Royal York staff under the leadership of Joe Caterino and executive chef George McNeil who worked in the latter half of the year, to create an Empire Club cuisine.
- Rogers Cable TV and CJTR 91.1 FM. To Ed Nosello, Colin Wickham, Tony John, Bob Adams, Randy French and all the rest—our thanks. And a word of welcome, as well, to the Canadian Cable Parliamentary Channel, our newest broadcaster.
- The Officers and Directors of The Empire Club Foundation.
- Past Presidents for building the Club and continuing to participate in its management.
- Our Members for supporting the Club and attending luncheon meetings.
- And lastly, to Members and Directors for giving me an opportunity to be your President for a year.

### In Memoriam

We recognize the passing of Clarence B. Crummey, M.D., F.C.F.P.(C), Honorary Director. Clarence served more than 40 years as a Director or Honorary Director.

### The Future

As the economy improves so do the fortunes of The Empire Club. Membership is up to over 1700, the first increase in eight years. Paralleling this change, the average attendance at lunches was up to approximately 285.

Attendance at weekly meetings varied tremendously, depending on the attractiveness of the speakers to a very discerning audience. The Club must continue to balance the issue of attracting an appropriate size of audience with ensuring that relevant points of view on key issues have a forum.

I would express my appreciation to the members for allowing me the lectern on my last day in office. While I was not trying to set up a new tradition of Presidential addresses, I must admit I would be delighted to hear John Campion at this time next year.

We co–hosted with The Canadian Club six events of a political nature, as has been our custom.

Regarding the Presidency, John Campion has served on the Board of the Club for many years. He has accepted the Presidency and has already grasped the opportunity with great enthusiasm. I look forward to working with him and wish him every success. The Board of Directors has supported a change to the name of the first Vice–President. Henceforth the first Vice–President will be known as the First Vice–President and President–Elect. This will ensure the line of succession. We congratulate Julie Hannaford, First Vice-President and President-elect.

The President's job is a taxing one but it provides great personal satisfaction. I am grateful to you all for giving me this opportunity, and also for supporting me this past year.

Respectfully submitted,

Frederic L. R. Jackman
President

**Robert Brooks**

Mr. President, distinguished guests, members of The Empire Club of Canada: It is my pleasure, as Chairman of the Nominating Committee, to report on the work of the Committee which was constituted in accordance with Article III of the Club's Constitution.

## Nominating Committee

The following persons served on the Committee:

From the Board of Directors:
- Sarah Band
- Robert Brooks
- John Campion
- Julie Hannaford
- Frederic L. R. Jackman

From the membership at large:
- John Bankes
- Willis Blair
- Douglas Derry
- Harry Seymour

## Honorary Officers

The Nominating Committee is pleased to report that the Honorary Officers nominated for the 1994-95 season are as follows:

Honorary President
- The Rt. Hon. Ramon J. Hnatyshyn
- P.C., C.C., C.M.M., C.D., Q.C.
- Governor General of Canada

Honorary Vice-President
- Col. The Honourable Henry N. R. Jackman
- C.M., K.St.J., LL.D.
- Lieutenant-Governor of Ontario

Honorary Chaplain

The Rev. Dr. J. Robert Watt, who has served the Club in this capacity for many years, has decided to step down. On behalf of the Club, I would like to thank Rev. Watt for his devoted service over the years. Accordingly, the Committee nominates:

The Rev. Canon H. F. Roberts, C.D., AdeC.

Honorary Secretary

Alan Tonks

Honorary Treasurer

Hartland M. MacDougall, C.V.O., O.C.

Honorary Solicitor

J. A. William Whiteacre, M.M., C.D., Q.C.

Honorary Assistant Secretary

W. Malcolm McIntyre

Archivist and Historian

Gordon G. Steele, M.Comm.

**Honorary Directors**

It is the recommendation of the Committee that the following continue as Honorary Directors: Setrak Adourian, Leland H. Ausman, The Hon. Barnett J. Danson, P.C., A. Carlyle Dunbar, Kathleen Hermant, Montague Larkin, Dr. James A. Parish, Leslie C. Parkinson, Angus Scott, Margaret Scrivener and William G. Whittaker.

**Directors**

According to the Club's Constitution "the Board of Directors shall consist of forty members ... including at least four Past Presidents of The Empire Club, one of whom shall be the immediate Past President and three others shall be the three Past Presidents immediately preceding the immediate Past President."

Therefore, in recognition of this constitutional requirement, the Committee nominates the following Past Presidents as Directors of the Club:

the immediate Past President, Frederic L. R. Jackman
and also Sarah Band, Robert Brooks and Harold Roberts.

Furthermore, the Nominating Committee recommends that the following members of the Board of Directors continue to serve in the coming year:

Edward P. Badovinac
Captain (N.) Robert N. Baugniet, O.M.M., C.D.
S. W. (Sam) Billich
Mary R. Byers
LCol. A. G. (Sandy) Cameron, S.B.St.J., C.D., AdeC.
Maureen Cappon-Javey
Denise Cole
Tom Davies
Rob Davis
Robert J. Dechert
Maj. William A. Duncan, C.D.
Jan Dymond
Hershell Ezrin
Blake C. Goldring
Duncan N. R. Jackman
Bill Laidlaw
Anne Libby
Marcia McClung
Bart J. Mindszenthy, APR.
Charles A. Pielsticker
Maria Roman-Bricknell
Paul B. Scargall
Gareth S. Seltzer
Mayor Bruce Sinclair
C. Alexander Squires
Larry Stout
L. Douglas Todgham
Thomas L. Wells

## Resignations

I would like to take this opportunity to pay tribute to John Bankes who has chosen to step down for personal reasons. John has, of course, served the Club as President and we know we will continue to benefit from his efforts as a Past President.

We would like, at this time, to also pay tribute to Peter Hendrick who has served the Club faithfully and has had to step down for personal reasons. We hope that Peter will be able to rejoin the Board at a later date.

## New Directors

Your Nominating Committee is pleased to nominate the following new members for the Board of Directors:

W. Alfred Apps
Mary-Lou Benotto

## Officers

In addition to the above-mentioned nominees, the Committee recommends the election of the following three people who will be proposed to the Board of Directors for appointment to the positions of Vice-President and Director:

First Vice-President and Director
Julie K. Hannaford
Second Vice-President and Director
David A. Edmison
Third Vice-President and Director
John H. Tory

The Nominating Committee is pleased to report that Willis L. Blair will continue as Secretary and that Diana L. Chant, C.A., has agreed to continue as the Club's Treasurer. Both Willis Blair and Diana Chant will also serve as Directors of the Club.

Finally, your Committee is pleased to nominate as President of The Empire Club of Canada for its 1994–95 season, John A. Campion.

Mr. Campion is a partner in the Toronto law firm of Fasken Campbell Godfrey where he specializes in civil litigation. John also lectures at both Osgoode Hall Law School and the University of Toronto Law School.

John has served as a Commissioner, Commission on Election Finances for the Province of Ontario, Ontario Energy Board, Canadian Civil Liberties Association.

He is a Past Director, Justice for Children and is currently a Director of the Phoenix Theatre. His other community work includes a Trustee for the Moorelands Camp Committee for Under-privileged Children; Downtown Churchworkers Association.

John received a B.A. from the University of Western Ontario and his L.L. in 1967, and his LL.B. from the University of Toronto in 1972.

John is married to Joanna and has three chidren, Thobey, Vanessa and Chloe. In his spare time, he enjoys alpine skiing and racing, plays basketball and coaches soccer.

Respectively submitted,
Robert L. Brooks,
Chairman

Tony van Straubenzee moved acceptance, seconded by Blake Goldring. There being no further nominations, Gordon Steele moved that nominations be closed. Carlyle Dunbar seconded the motion.

The President then asked the Secretary, Willis Blair, to cast a single ballot in favour of those persons named in the report of the Nominating Committee, in accordance with Article III-3 of the Constitution of the Club. The President declared the members properly elected as Directors of The Empire Club of Canada for 1994–95, the Club's 91st year. The meeting was adjourned.

# Address to the Board of Directors

## Eric Jackman, Ph.D.
## Immediate Past President

I would like to express an informal appreciation to the Board of Directors, independent of and supplementary to the Annual General Meeting on April 28, 1994.

I appreciate the support of the Board while the Club underwent many changes. There are many Board members to thank and I do so now. Additionally, there were several Past Presidents who took pains to educate me in the ways of the Presidency. I thank them all.

During the year, our appearance changed. Director Anne Libby was responsible for decorating the banner with the 90th Anniversary dates, as well as for all the small Empire Club table flags and hanging banners. The stands for the banners are borrowed and we thank Paul Clark for these. Six larger flagpole-size flags were purchased on spec. They have all been sold, including one to the Lieutenant-Governor, a Past President of the Club.

The Empire Club emblem was returned to its original form of a crown within the maple leaf. Mort Walsh, a new member, donated design services for our cleaner and sharper look. He redesigned our stationary and membership application form.

The emblem on the lectern was repainted by Peter Hendrick.

In the office, we made a considerable investment in a new computer. Through the good offices of Diana Chant and Price Waterhouse, we received both a favourable price as well as complimentary training for Anne Lato.

While the office still needs a good paint job, we did manage to acquire colour photos of the Governor General and Lieutenant-Governor and so improved our portrait gallery.

To encourage warmer greetings with our guests and each other, Directors were offered a nicely designed name badge. Director Sam Billich was wholly responsible for this project.

Luncheon Reception, chaired by Ed Badovinac, continued its tradition of warm greeting and providing an amiable luncheon atmosphere.

The Reverend Canon Harold Roberts also continued to obtain the gracious attendance of many clergy for our luncheon graces.

To Willis Blair, our secretary, who along with Lt. Col. Sandy Cameron, organized the Head Table Reception and Procession, our many thanks.

To our legal counsel, Bill Whittaker, our thanks. Bill was actually asked to read the constitution a few times this year. Bill Whiteacre, our honourary solicitor also proffered advice when necessary.

Our Archivist, Gordon Steele, as ever, was the proverbial Canadian beaver digging out newsclippings for the Annual Press Book.

For the archives, we negotiated with Rogers to receive an unedited videotape of each event for $10.00. For the first time, we now have both audio and video records.

Finally, Ann Lato, together with Leslie Milligen, kept the office and the events on schedule with their usual efficiency. Anne completed 10 years of loyal service to the Club this past April and I know all Directors extend with me their heartiest congratulations.

The wonderfully written, brief 90th Anniversary history of the Club was written by Bart Mindszenthy, as well as the copy for the Media & Society brochure. Bart has been of great support during the year.

All of our other notices of events were written by Carlyle Dunbar, who has been contributing his literary services for many years. We thank you again.

Helping me with my introductory remarks were Jan Dymond, Bob Baugniet, Julie Hannaford, John Tory and Monte Larkin.

To improve the Club's financial bottom line, annual dues will be raised 25 per cent for regular and senior members. Also, a Corporate Membership plan was approved by the Board.

The Head Table committee was closely chaired by Maria Roman-Bricknell who together with Larry Stout created the memorable Christmas Luncheon Celebration.

Our Membership Committee was hugely successful under the chairmanship of Blake Goldring. Membership was up for the first time in eight years. The monthly membership form was redesigned so that individual effort was more easily determined. Your President set what is possibly a record of 150 new members.

Another marketing assist was provided by the Financial Post which agreed to place two ads per week in return for a reserved table at each event.

New this year, the Head Table Sponsorship Committee, under Duncan Jackman, attracted many corporation's to the ongoing support of the Club.

The Attendance Committee, headed by David Edmison increased the average event attendance by substantial members.

It was a profoundly satisfying year and I thank you all.

# The Empire Club of Canada

## MEMBERSHIP 1993–1994

**Life Members**

N. John Adams
Setrak Adourian
J. D. Alexander
John P. Alexander
William N. Allan
Graham H. Ambrose
B.Gen. & Mrs. S. F. Andrunyk
Mr. & Mrs. Leland H. Ausman
Ruby P. Avison

Mr. & Mrs. Edward Badovinac
John Bassett
Joseph Batty, OBE
Mr. & Mrs. Ian S. Baxter
D. S. Beatty
M. E. Louise Beck
Everton R. Belyea
Dr. R. C. Bennett
Bruce Birrell
Willis L. Blair
R. L. Broad
F. B. Brooks-Hill
Arthur E. Brown

W. Allan Campbell
Mrs. Charles Carter
Sir Arthur R. T. & Lady Chetwynd
James L. Clare, F.S.A., F.C.I.A.
Walter W. Comber
Mr. & Mrs. John Cook
Benedict G. R. Cotterill
Mr. & Mrs. Elgin E. Coutts
John A. D. Craig
Dr. H. V. Cranfield
Nola Susan Crewe
Dorothy Crummey
Mrs. Matthew Currie

George C. Damiani
Douglas A. C. Davis
Elvio Del Zotto
Mr. & Mrs. D. L. Derry
Robert G. Douglas
A. A. Duncanson
E. B. Dungey
Mr. & Mrs E. A. Duvernet

Joseph L. Etherington

Dr. David J. Fieldhouse
A. E. Fitzpatrick
Frank E. Forsdike
Federico Friedberg
Col. C. S. Frost, Jr., Q.C., C.D.

Lillian G. Gandier
George Raymond Gibson
J. Rennie Graham
John W. Graham, Q.C.
Kenneth G. Graham
Patricia A. Grand
Wayne Scarisbrick Gray
Ian Griffin
John W. Griffin

B. Halstead
George S. Hanson
Nona Macdonald Heaslip
Paul T. Hellyer
Roland E. Henderson, Q.C.
Robert. I. Hendy
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Adam B. T. Hermant
Peter Hermant
John D. Herrick
Col. R. H. Hilborn
William S. Hill
Dorothy Hobbs
Mr. & Mrs. Herbert R. Hobbes
Dennis Holota
Mrs. E. Howell

A. E. M. Inwood
John F. Irwin

Henry N. R. Jackman
John M. P. Joel
James H. Joyce

Friederich W. Jung

Elfreda W. Karn
John Kemp
F. Marion Kiddell
Rev. Sterling Kitchen

Aileen M. Lacey
James G. Laidlaw
A. T. Lambert
John V. Lawer, Q.C.
Col. Wm. R. Learmonth
M.Gen. Bruce J. Legge
Kenneth Legge
Eric N. Lehner
Friedrich Lehner
James D. Lewis
R. G. Loftus
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Joseph F. Luciano

E. Nelson MacNab
John & Gail MacNaughton
C. John Martin
Beverley Matthews, Q.C.
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Konrad R. W. Mech
John D. Memory
Dr. Herbert Michel
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D. V. Mosher
Clifford N. Moss
Clara Miriam Muskat

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James G. A. Naish
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Dr. Sheila Pollock
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R. Turnbull
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Harry T. Tye

Michael Van Denbossche
Dr. Devendra P. Varma

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F. Bartlett Watt
Hebert L. Webb
Sydney G. Webster
Douglas S. Wells, O.M.C.
J. K. Williams, Q.C.

Andrew Stephen Zarnett

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Rev. Harry Amey
Jas K. Angus
R. F. K. Anthony

Bluma Appel
Wm. L. Archer, Q.C.
G. Warren Armstrong
Douglas B. Astley

John R. Baragar
Anne Barstow
Gordon T. Batchelor
K. J. Beamish
A. Beattie, Q.C.
R. I. Beatty
Fred E. Becker
BGen. G. G. Bell, O.C., MBE, C.D.
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Jessie K. Borthwick
P. A. Bracken
Valerie J. Bricknell
Roel C. Buck
Alexander Budrevics
E. G. Burnside
LCol. G. A. Burton
Theda A. Burton
Catherine E. Butters

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Cmdr. John J. Cameron
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Dorothea Carter
Hugh M. Carter
William B. Cavan
E. J. Chard
Peggy Grey Charlton
Lane R. Chester
Thomas Chisholm
James H. Clarke
A. H. M. Claus Van Banning
Major F. N. Clifford
Tom Clifford
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J. C. P. Conrad
His Honour Judge F. J. Cornish
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Stanley Crow
Noel Croxon
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Taimi Cushing

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Shaun Patrick Duffy

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Rhoda Finneron
Richard H. Fisher
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Muriel Fleger
R. J. Fleming
L. G. B. Flint
Dr. John Flowers
C. Dennis Flynn

Vera Gardiner
Juergen Geber
Robert C. Gibson
Betty Gilpin
W. L. Goldson
Tadeusz Gonsik
F. L. Gooderham
John E. Goodwin
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Wm. John Greening
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Ying Hope
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Militza Reial
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E. F. (Manny) Burt
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Anna Lankford Burwash
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Patricia Butler
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John A. Campion
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Dixon S. Chant
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J. T. Chestnutt
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Gayle Christie
Huntly Christie
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Bryan F. Cooke
K. Rolfe Cooke
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William Corcoran
Joan M. Costa
Wayne Cotgreave
Douglas W. Cowan
Eva R. Cowie
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John D. Coyne
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Timothy Daciuk
Lorraine Dal Cin
Pauline Dale
John A. Darby

S. Darveshali
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Peter D. R. Davies
Robert M. Davies
Tom Davies
Donald L. Davis
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Jeffrey Dawson
Philippe De La Messuziere
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Cesar De Morais
Honor de Pencier
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Michael De Pencier
Janni de Savoye Sams
Lisa de Wilde
David Deaves
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Michael B. Deeb
Ross DeGeer
Tom Delaney
Donald DeToro
Dorothy DeToro
Dr. Douglas Devnich
Agnes Di Leonardo
Mary Di Tursi
John Dickey
Bernadette Dietrich
Nicholas E. J. Dietrich
John E. Dill
Chris Dobson
Wanda Dorosz
David L. Dorsch
Janette Doupe
Yves Doutriaux
Peter Downard
Major Peggy Downes
Patrick D. Downey
Linda P. Doyle
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A. Carlyle Dunbar
Charles S. DuToit, C.A.
Jan Dymond

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B. H. Eckert
David A. Edmison
Al Egbert
Diane Elder
Gord Ellis
Robert F. Ellis
Angela Emerson
John H. Emery
Gino Empry
Ameer Esmail
Jerry P. Evans
Colin Ewing
Karl M. Ewoniak

W. R. Farquharson
Paul Farrelly
Christine Featherstone
Stephen Fenton
Rick Field
Richard G. Fitzsimmons
Howard Flood
Iden Ford
Elizabeth J. Forster
R. P. Fournier
Hugh R. Franks
Michael Franks
Maleine Fredricks
Stephen Freedhoff
E. John Freyseng
Bernard S. Friedman
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Patricia S. Fromstein
Laura A. Furst

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Murray Gordon Galloway
Norman Gardner
Thomas C. Gardner
William C. Garriock
Joan Garson
Daniel T. Geraci
Kiloran S. German
Eva Gerold
Col. John W. Gibson
John D. Gibson
Larry H. Gilbertson
T. John Gillelan
Ron Gillespie
Terance G. Glossop
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Jason D. Ying

Andrew Zalvin

# Auditors' Report

To the Members of
The Empire Club of Canada

We have audited the balance sheet of The Empire Club of Canada as at April 30, 1994 and the statements of revenue and expenditure and surplus for the year then ended. These financial statements are the responsibility of the Club's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Club as at April 30, 1994 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Ontario Corporations Act, we report that in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

The comparative figures for 1993 were reported on by another firm of chartered accountants, whose opinion was unqualified.

KPMG Peat Marwick Thorne
Chartered Accountants

Toronto, Canada
August 10, 1994

# Financial Report

## THE EMPIRE CLUB OF CANADA
## Balance Sheet as at April 30, 1994

| **Assets** | 1994 | 1993 |
|---|---|---|
| *Current Assets* | | |
| Cash and short-term deposit receipts | $208,749 | $ 176,179 |
| Accounts receivable | 2,945 | 2,467 |
| Inventory | 2,213 | 2,414 |
| | 213,907 | 181,060 |
| *Fixed Assets* | 1 | 1 |
| | $213,908 | $181,061 |

| **Liabilities** | | |
|---|---|---|
| *Current Liabilities* | | |
| Accounts payable and accrued liabilities | $ 34,857 | $ 23,548 |
| Due to The Empire Club Foundation | 56,493 | 39,980 |
| Deferred revenue | 4,992 | 3,992 |
| | 96,342 | 67,520 |

| **Members' Equity** | | |
|---|---|---|
| *Surplus* | 96,789 | 92,364 |
| *Life Membership Reserve* (Note 2) | 20,777 | 21,177 |
| | 117,566 | 113,541 |
| | $213,908 | $181,061 |

Signed on behalf of the Board

Frederic L. R. Jackman
Director

Diana L. Chant
Director

*The accompanying notes are an integral part of these financial statements.*

# Financial Report

## THE EMPIRE CLUB OF CANADA
## Statement of Members' Equity
## for the Year Ended April 30, 1994

| | 1994 | 1993 |
|---|---|---|
| *Surplus, Beginning of Year* | $ 92,364 | $ 128,268 |
| Transfer from life membership reserve (Note 2) | 400 | — |
| Excess of revenue over expenditure (expenditure over revenue) for the year | 4,025 | (35,904) |
| *Surplus, End of Year* | $ 96,789 | $ 92,364 |

*The accompanying notes are an integral part of these financial statements.*

# Financial Report

## THE EMPIRE CLUB OF CANADA
## Statement of Revenue and Expenditure for the Year Ended April 30, 1994

| | 1994 | 1993 |
|---|---|---|
| *Revenue* | | |
| Membership fees | $ 43,709 | $ 38,447 |
| Luncheons | 38,652 | 21,120 |
| Sponsorship | 34,136 | — |
| Interest | 8,004 | 9,697 |
| Other, net | — | 4,639 |
| | 124,501 | 73,903 |
| *Expenditure* | | |
| Meetings | 665 | 1,525 |
| Members' notices | 23,063 | 18,173 |
| Office and general | 14,560 | 8,057 |
| Office salaries and employee benefits | 40,115 | 37,304 |
| Printing, stationery and postage | 9,046 | 6,112 |
| Publicity and promotion | 2,652 | 3,328 |
| Rent | 11,148 | 12,265 |
| Telephone | 2,166 | 2,194 |
| Yearbook donation and sundry expenses | 17,061 | 20,849 |
| | 120,476 | 109,807 |
| *Excess of Revenue over Expenditure (Expenditure over Revenue) for the Year* | $ 4,025 | $ (35,904) |

*The accompanying notes are an integral part of these financial statements.*

# Financial Report
# THE EMPIRE CLUB OF CANADA
## Notes to Financial Statements for the Year Ended April 30, 1994

*General*

The Club was incorporated under Letters Patent in the Province of Ontario on March 26, 1912. The principal function of the Club is to provide a forum for prominent people to address members of the Club and their guests on topics of current interest.

1. *Significant Accounting Policies*

(a) Revenue Recognition

Revenues are recorded on the accrual basis of accounting.

(b) Inventory

Inventory is valued at the lower of cost and net realizable value.

(c) Fixed Assets

Fixed assets, consisting of office furniture and equipment, are recorded at nominal value and additions are recognized as an office and general expenditure in the year acquired. There were no significant additions in the fiscal years ended April 30, 1994 and April 30, 1993.

(d) Due to The Empire Club Foundation

A donation to The Empire Club Foundation for the estimated cost of supplying the Club's membership with the yearbook of the current year is accrued each year.

(e) Deferred Revenue

Deferred revenue consists of membership fees paid in advance and unredeemed luncheon tickets.

(f) Statement of Changes in Financial Position

A statement of changes in financial position has not been included as it would not provide any additional meaningful information.

2. *Life Membership Reserve*

Term deposit receipts are segregated as funding for this reserve in order to provide a continuing income to sustain the membership costs of life members. As a result of a decrease in the life membership roll, $400 was transferred from the life membership reserve to surplus during the year.

3. *Commitment*

In February 1993 the Club entered into a lease agreement for premises expiring October 1, 1995. Minimum annual rental payments under this lease agreement are as follows:

| | |
|---|---|
| 1995 | $8,400 |
| 1996 | $3,500 |
| | $11,900 |

# The Empire Club Foundation

December 1994

Ladies and Gentlemen,

During the year covered by this yearbook, President Eric Jackman held a "Media & Society" series of presentations in cooperation with the Canadian Journalism Foundation. This initiative proved to be a splendid fundraising vehicle. This was fortunate in that the corporate fundraising campaign of the Foundation, although extensive in scope, failed to match the levels of earlier campaigns. No doubt a reflection of the economic times.

The Foundation is grateful to those corporate donors who supported the Club and the membership who generously contributed toward the cost of the yearbook.

So, too, I thank the Officers and Directors of the Foundation for their support and advice.

Yours sincerely,
Reginald W. Lewis
Chairman

**Officers**

| | |
|---|---|
| Honorary Chairman: | John W. F. Griffin |
| Chairman: | Reginald W. Lewis, CMM, CM, OStJ, CD |
| Vice-Chairmen: | Miss Sarah A. Band, CStJ<br>Hartland M. MacDougall, CVO, OC<br>Harry T. Seymour |
| Honorary Secretary | William G. Whittaker, QC |
| Honorary Solicitor: | J. A. William Whiteacre, MM, CD, QC |
| Honorary Treasurer: | Ronald Goodall, FCA |
| Past Chairmen: | John W. F. Griffin<br>Bruce J. Legge, CMM, CM, KStJ, ED, CD, QC<br>Robert H. Hilborn, LVO, MBE, CD<br>John A. MacNaughton |

**Directors**

Warren Armstrong
Paul D. J. Clark
Douglas L. Derry, FCA
C. Warren Goldring
Peter Hermant
Peter W. Hunter, CD
H. Ian Macdonald, OC, KLJ, BComm, BPhil, LLD
Frank F. McEachren, CVO, CM, KStJ, ED, CD
David G. C. Menzel, QC
Harold Roberts, CD, ADC
John M. Thompson
Anthony A. van Straubenzee

Registration Number 0353532-21-13

# The Empire Club Foundation

## CONTRIBUTORS: 1993–1994

### PATRONS ($1,000.00 or more)

Bank of Montreal
Dominion and Anglo Investments Corp Limited
Ernst & Young
Griffin, Mr. John A.
Inwood, Mr. Arthur E. M.
Jackman Foundation
Royal Bank of Canada

### ENDOWMENT BENEFACTORS ($500.00 to $999.99)

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The Canada Trustco Mortgage Company
Burns Foods (1985) Limited

### BENEFACTORS ($300.00 to $499.99)

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Lewis, Mr. Reginald W.
Loewen, Ondaatje McCutcheon Limited
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Phillips, Leslie
Rio Algom Limited
Royal Insurance Company of Canada
Scotiabank
Seymour, Mr. Harry T.
Thompson, Mr. John M.

**DONORS ($100.00 to $299.99)**

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Badovinac, Mr. and Mrs. Edward
Burns Fry Holdings Corporation
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Byers, Mrs. Mary
Chant, Ms. Diana L.
Charlton, Ms. Catherine R.
Common, D. L.
Freyseng, E. John
Grosart, Mr. John
Hunter, Mr. Peter W.
Joliffe, Mr. Edward B.
Luff, Mr. John
Macdonald, Mr. H. Ian
MacDougall, Mr. Hartland M.
Morton, Mr. Murray D.
O'Donoghue, Mr. Paul
Potts, Mr. J. H.
Price Waterhouse
Roberts, Mr. Harold
Seltzer, Mr. G.
The Bank of Nova Scotia
Todgham, Mr. L. Douglas
Toromont Industries Ltd.
Watt, Reverend Dr. J. Robert
Weston, J. Reid
Whiteacre, Mr. J. A. William, Q.C.
Wilson, R.

# Auditors' Report

To the Members of
The Empire Club Foundation

We have audited the balance sheet of The Empire Club Foundation as at April 30, 1994 and the statement of income and expense and members' deficiency for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives income from donations from supporters, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this income was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donation income, excess of income over expense (expense over income), assets and members' deficiency.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at April 30, 1994 and the results of its operations for the year then ended in accordance with generally accepted accounting principles. As required by the Canada Corporations Act, we report that in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

The comparative figures for 1993 were reported on by another firm of chartered accountants, whose opinion was similarly qualified as to completeness of income from donations.

KPMG Peat Marwick Thorne
Chartered Accountants

Toronto, Canada
September 8, 1994

# THE EMPIRE CLUB FOUNDATION
## Balance Sheet as at April 30, 1994

| **Assets** | 1994 | 1993 |
|---|---|---|
| *Current Assets* | | |
| Cash and term deposits | $ 22,520 | $ 58,652 |
| Accounts and interest receivable | 1,375 | 4,722 |
| Due from The Empire Club of Canada | 56,493 | 39,979 |
| | $ 80,388 | $103,353 |

| **Liabilities** | | |
|---|---|---|
| *Current Liabilities* | | |
| Accounts payable and accrued liabilities | $ 82,923 | $107,409 |
| **Members' Deficiency** | | |
| *Deficiency* | (2,535) | (4,056) |
| | $ 80,388 | $103,353 |

Signed on behalf of the Board

Douglas Derry
Director

Ronald Goodall
Director

*The accompanying notes are an integral part of these financial statements.*

# THE EMPIRE CLUB FOUNDATION
## Statement of Income and Expense and Members' Deficiency for the Year Ended April 30, 1994

| | 1994 | 1993 |
|---|---|---|
| *Income* | | |
| Donations: | | |
| The Empire Club of Canada | $ 16,500 | $ 19,979 |
| Supporters | 25,247 | 11,702 |
| Interest | 1,263 | 3,922 |
| | $ 43,010 | $ 35,603 |
| *Expense* | | |
| Yearbook | 39,859 | 53,765 |
| Stationery, postage and other expenses | 1,630 | 800 |
| | $ 41,489 | 54,565 |
| *Excess of Income Over Expense (Expense over Income) for the Year* | 1,521 | (18,962) |
| *Members' Equity (Deficiency)- Beginning of Year* | (4,056) | 14,906 |
| *Members' Deficiency - End of Year* | $ (2,535) | $ (4,056) |

*The accompanying notes are an integral part of these financial statements.*

## Notes to Financial Statements for the Year Ended April 30, 1994

1. *The Foundation*
   The Foundation was incorporated on January 22, 1969 under the laws of Canada as a non-profit organization. The principal function of the Foundation is the publication and distribution of yearbooks, containing the texts of addresses to The Empire Club of Canada, to the Club's members and libraries across Canada. The Foundation's activities are funded by donations.

2. *Accounting Policies*
   The Foundation includes donations in income when received except for donations from The Empire Club of Canada which are included in income when pledged. The estimated cost of publishing and distributing yearbooks of the current year is accrued each year.

# CONSTITUTION

As amended April 26, 1973

## Organization of the Club

ARTICLE I

*Name*

1. The Name of the club shall be The Empire Club of Canada.

*Purpose and Object*

2. The purpose and object of the club is to promote the interests of Canada and the British Commonwealth by the consideration and discussion of subjects and events relating thereto and by any other means appropriate to the facilities of the club.

## Membership

ARTICLE II

*Classes of Members*

1. The membership of the club shall consist of:
   (a) Honorary members
   (b) Life members
   (c) Regular members
   (d) Corporate members
   All members of classes (a), (b), (c), must be the full age of eighteen years.

*Honorary Members*

2. Honorary members may be elected by the unanimous vote of those present at a meeting of the board of directors. They shall be exempt from the payment of fees but shall not have the privilege of voting or holding office and their membership shall be terminated at any time by a two-thirds majority of those present at a meeting of the board of directors.

*Life Members*

3. Members of the club in good standing (other than corporate members) and other persons regularly proposed may be elected life members by a two-thirds

majority of those present at a meeting of the board of directors. Life members shall pay such a fee in one sum as may be fixed from time to time by the board of directors.

*Regular Members*

4. Save as provided in Section 5 of this Article candidates for regular membership shall be proposed by a member in good standing and shall be elected by a two-thirds majority of those present at a meeting of the board of directors.

Save as provided in Section 5 of this Article regular members shall pay respectively such annual fees as may be fixed from time to time by the board of directors.[1] Members elected after the first day of March in any year shall pay one annual fee only in respect of the period from the date of election until the thirtieth day of September in the following year. No member in arrears for fees after January 1 shall be considered in good standing.

*Corporate Members*

5. Any company, partnership or business organization shall be eligible for election as a corporate member. Applicants shall be proposed by a member in good standing and the application shall contain the names and positions of the persons nominated by the applicant as its representative regular members. The applicant and its nominated representatives shall be elected by a two-thirds majority of those present at a meeting of the board of directors. A corporate member shall be entitled to nominate such number of its representative regular members as may be fixed from time to time by the board of directors and shall pay such annual fee as may be fixed from time to time by the board of directors, provided that such fee shall not be

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[1] *By resolution of the Board, November, 1981, and under Article II, 4, of the Constitution, it was agreed that the club charge a lesser membership fee for spouses living at the same residence, and that this fee should be fixed annually.*

less than the aggregate fees which would have been payable on an individual basis by such representative members for the year in question. Save as in this section provided no fee shall be payable by or in respect of the representative regular members of a corporate member.

### Directors

### ARTICLE III

*Duties and Powers*

1. The affairs of the club shall be managed by a board of directors who may exercise all such powers and do all such acts and things as may be exercised or done by the club and are not by the by-laws or by law directed or required to be done by the club at a general meeting of its members. At all meetings of the board of directors the chairman of the meeting shall have a casting vote.

*Number and Quorum*

2. The board of directors shall consist of forty members of whom sixteen shall constitute a quorum. The board of directors shall include at least four past presidents of the club, one of whom shall be the immediate past president and three others shall be the three past presidents immediately preceding the immediate past president if they are willing and able to act as directors.

*Election of Directors*

3. A nominating committee consisting of five members of the board of directors and four other regular members of the club shall be appointed annually by the board of directors at least thirty days prior to the annual meeting and shall prepare a list of nominations for directors for the ensuing year. The chairman or acting chairman of the nominating committee shall report the nominations of that committee to the annual meeting at which the board of directors shall be elected, but nothing herein shall preclude the nomination of other persons for the office of directors at the annual meeting. If nominations do not exceed the number of directors necessary, the chairman of the

meeting may instruct the Secretary-Treasurer to cast one ballot in favour of those so nominated and thereupon such persons shall be declared by the chairman to have been duly elected. No person shall be elected a director unless he is a regular member in good standing and is a Canadian citizen or a British subject.

*Meetings of Directors*

4. Meetings of the board of directors shall be called by the President, or on a requisition signed by three of its members. Written notice of such meetings shall be given to each director five days or more before the meeting is to take place, provided that a meeting may be held at any time if all the directors are present or if those absent have waived notice of or otherwise signified their consent to such meeting being held in their absence or have approved or signified their approval in writing to the proceedings taken at the meeting. The board may appoint a day or days in any month or months for regular meetings, at an hour or place to be named, and of such regular meetings, no notice need be given.

*Casual Vacancies*

5. In the event of any vacancy occurring in the office of director, the remaining directors may fill the vacancy from among the members for the unexpired portion of the term of office of the person whose office is vacant.

### Officers

ARTICLE IV

1. The officers shall consist of an Honorary President, an Honorary Vice-President, a President, First, Second and Third Vice-Presidents, an Honorary Treasurer, an Honorary Secretary, a Secretary and a Treasurer. The board of directors may from time to time elect or appoint such other officers as it shall deem necessary. The President and the Vice-Presidents shall be directors of the club but other officers need not be directors. No person other than the Honorary President and the Honorary Vice

President shall be eligible for office unless he is a member in good standing. The President shall, when present, preside at all meetings of the members and of the board of directors. During the absence or inability to act of the President, the Vice-Presidents in order of seniority shall act as chairman at such meetings and otherwise perform and exercise the duties and powers of the President.

*Appointment of Officers*

2. The board of directors shall meet as soon as convenient after their election for the purpose of appointing the officers of the club for the period ending April 30 in the next year but each officer shall continue in office until his successor is elected.

*Casual Vacancies*

3. In the event of a vacancy occurring in any office the board of directors may fill the vacancy for the unexpired portion of the term.

*Honorary Auditor*

4. An Honorary Auditor shall be appointed at each annual meeting. An audited statement of the finances of the club for the fiscal year shall be published annually and a copy shall be sent to each member.

### Committees

ARTICLE V

1. The following standing committees and the chairman of each shall be appointed by the board of directors as soon as convenient after the election of the board:
   (a) Budget and Finance Committee
   (b) Speaker's Committee
   (c) Membership Committee
   (d) Constitution Committee
   (e) Reception Committee
   (f) Publicity and Public Relations Committee
   (g) Yearbook Committee
   (h) Head Table Committee

provided that for any year the board of directors may by resolution elect not to appoint any one or more of such committees.

2. The President or the board of directors may from time to time appoint such other committees as may be deemed expedient.

### Meetings of Members

ARTICLE VI

*General Meetings*

1. The club shall hold general meetings weekly, if possible, from October to April, both inclusive, in each twelve months with such intermissions as may from time to time be determined by the board of directors. Special meetings of the club may be called at any time by the President.

*Annual Meeting*

2. The annual meeting shall be held not later than April 30 in each year. At the annual meeting a report of the year's proceedings and work shall be submitted by the President and this report shall be accompanied by an interim report from the Secretary-Treasurer.

*Notice of Meetings*

3. Written notice of all meetings shall be given all members of the club before the date on which the meeting is to be held. Such notice shall be sufficient if addressed to the members, and deposited post paid in the post office in Toronto. The accidental failure or omission to give notice to any member shall not invalidate the proceedings at any meeting.

*Quorum at Meetings*

4. Sixteen members in good standing shall constitute a quorum at any meeting of the club, general, annual or special, and the chairman of the meeting shall have a casting vote.

*Limitation of Business at General Meetings*

5. No business other than the hearing of the addresses shall be introduced at any meeting of the club by any person

other than the chairman of the meeting, unless it has been submitted to the board of directors and received its approval.

**Fiscal Year**

ARTICLE VII

The fiscal year of the club shall end on such day in each year as may be fixed by the board of directors but unless so fixed by the board shall end on April 30.

**Amendments**

ARTICLE VIII

Subject to the provisions of The Corporation Act this constitution may be amended by the board of directors, but unless in the meantime confirmed by a majority of the members present in person at a meeting of the members duly called for that purpose, any amendment is effective only until the next annual meeting of members unless so confirmed thereat and, in default of such confirmation thereat ceases to have effect at and from that time, and in that case no new amendment of the same or like substance has any effect until confirmed at a meeting of the members.

### Amendment to By-Law A

The President stated that the Directors at their last meeting had amended the General By-Law of the Club so that the First Vice-President could be designated in the future as First Vice-President and President-Elect. This change was required to be confirmed by the members and accordingly

ON MOTION DULY MADE, SECONDED, AND UNANIMOUSLY CARRIED, it was resolved that the following amendment to Paragraph 1 of Article IV of By-Law No. A be confirmed:

Officers

The officers shall consist of an Honorary President, an Honorary Vice-President, a President, a First Vice-President and President-Elect, Second and Third Vice-Presidents, an Honorary Treasurer, an Honorary Secretary and a Secretary-Treasurer. The Board of Directors may from time to time elect or appoint such other officers as it shall deem necessary. The President, the First Vice-President and President-Elect, the Second Vice-President and the Third Vice-President shall be directors of the Club but other officers need not be directors. No person other than the Honorary President and the Honorary Vice-President shall be eligible for office unless he is a member in good standing.

# The Empire Club of Canada Guest Book

| Date | Guest | Subject/Comments |
|---|---|---|
| December 2/93 | John Savage | Premier of Nova Scotia |
| December 16/93 | Henry Jackman | Lieutenant-Governor of Ontario |
| Jan 13, 1994 | Pierre Desjardins | CEO of Domtar |
| Jan 20, 1994 |  | "CRAZY CANUCK" |
| Jan 26/94 |  | MEXICAN AMBASSADOR TO CANADA |
| February 2/94 |  | CHAIRMAN LIVENT |
| February 10/94 |  | CHAIRMAN MAGNA |
| 24 February 1994 | Dennis Timbrell | Hospitals of Tomorrow. |
| MARCH 1, 1994 | Paul Martin. | First Budget<br>Second time speaking to the Empire Club. |

# The Empire Club of Canada Guest Book

| Date | Guest | Subject/Comments |
|---|---|---|
| Mar 3 1994 | Andre Kilian | South African Ambassador<br>Ottawa |
| 10 March 1994 | Ted Rogers | A very great honour - |
| 31 March 1994 | Dave Nichol | I hope I am not<br>too controversial |
| 7 April 1994 | Bill Davis | Nice to be back!! |
| 8 April 1994 | Patrick Maynard | A privilege to be the<br>guest of the Empire Club! |
| 14 April 1994 |  | GREAT TO BE IN SUCH<br>DISTINGUISHED COMPANY .. |
| Apr 21 1994 |  | — |
| Apr 28, 1994 | Eric Jackman | Media and Society.<br>A precedent? First<br>acting president to address<br>the club? |